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MEETING  
STATE OF CALIFORNIA  
INTEGRATED WASTE MANAGEMENT BOARD  
MARKET DEVELOPMENT AND SUSTAINABILITY COMMITTEE

JOE SERNA, JR., CALEPA BUILDING  
1001 I STREET  
2ND FLOOR  
SIERRA HEARING ROOM  
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 13, 2008

10:40 A.M.

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APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chairperson (via teleconference)

Ms. Margo Brown

Mr. Wesley Chesbro

BOARD MEMBERS

Ms. Cheryl Peace

Ms. Rosalie Mul

Mr. Jeffrey Danzinger

STAFF

Mr. Elliot Block, Chief Counsel

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Ms. Nancy Carr

Mr. Howard Levenson, Program Director, Sustainability  
Program

Ms. Michelle Martin

Ms. Corky Mau, Branch Manager, Grant & Loan Resources  
Branch

Ms. Brenda Smyth, Division Chief, Statewide Technical and  
Analytical Resources Division

Mr. Bert Wenzel

Ms. Elena Yates

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Gary Colbert, Evergreen Oil

Mr. John Cupps

Mr. George Eowan, Integrated Recycling, Inc.

Ms. Mackenzie R. Johnson, Lawrence Livermore National  
Laboratory

Mr. George Larson, Waste Management

Mr. Steve Lautze, California Assn. of RMDZs

Mr. Terry Leveille, TL & Associates

Mr. Adam H. Love, Lawrence Livermore National Laboratory

Mr. Dwayne O'Donnell, Sacramento County Account  
Development Department

Mr. Robert Sulnick, Evergreen Oil

Mr. Larry Sweetser, Rural Counties, ESJPA

Mr. Barry Takallou, CRM Company

Mr. Phil Vermeulen

Mr. Peter Weiner, DeMenro Kerdoon

INDEX

	PAGE
Roll Call And Declaration of Quorum	1
A. Program Directors' Reports	1
B. Presentation By The U.S. Navy On Innovative Diversion Activities -- Moved to Full Board	
C. consideration of Grant Awards For The Targeted Rubberized Asphalt Concrete Incentive Grant Program (Tire Recycling Management Fund, FY 2007/08) -- (Board Item 9)	7
Motion	8
Vote	12
D. Consideration of the Grant Awards For The Tire-Derived Product Grant Program (Tire Recycling Management Fund, FY 2007/08) -- (Board Item 10)	12
Motion	23
Vote	23
E. Consideration Of Scope Of Work For Waste Characterization Study To Support Commercial Recycling Options (Integrated Waste Management Account, FY 2007/08) -- (Board Item 11)	24
F. Discussion And Update Of The Recycling Market Development Zone Program Evaluation Project -- (Board Item 12)	138
G. Presentation And Discussion Of Preliminary Recommendations From The Contractor (Lawrence Livermore National Laboratory) For Institutional And Policy Changes That Optimize The Highest And Best Use Of Used Oil -- (Board Item 13)	74
Adjournment	152
Reporter's Certificate	153

1 PROCEEDINGS

2 COMMITTEE MEMBER BROWN: Good morning. Welcome to  
3 the California Integrated Waste Management Board's Market  
4 Development and Sustainability Committee.

5 As a courtesy, please put your cell phones in the  
6 Saturday night mode. And Victoria, can you please call the  
7 roll?

8 EXECUTIVE ASSISTANT CARVAJAL: Brown?

9 COMMITTEE MEMBER BROWN: Here.

10 EXECUTIVE ASSISTANT CARVAJAL: Chesbro?

11 COMMITTEE MEMBER CHESBRO: Here.

12 EXECUTIVE ASSISTANT CARVAJAL: Petersen?

13 COMMITTEE MEMBER BROWN: Actually, I should have  
14 started with that.

15 Gary is still at the airport waiting for his plane  
16 to depart from Santa Barbara, so he will be joining us  
17 shortly. He's asked me to chair on his behalf. But he  
18 will be joining us shortly. And I would like to -- via  
19 phone. Sorry. Via phone -- acknowledge Members Danzinger  
20 and Peace. Thank you for joining us this morning. There  
21 are speaker slips on the table in the back of the room.  
22 Please fill one out and bring it to Victoria if you wish  
23 to speak to any of the items this morning.

24 Is there anyone who wishes to address the  
25 committee on an item not on the agenda this morning?

1           Okay.

2           Howard Levenson, do you have a report for us?

3           PROGRAM DIRECTOR LEVENSON: Thank you, Madam  
4 Chair. Good morning, Board Members.

5           I'm Howard Levenson with the Sustainability  
6 Program. I do have a number of things I would like to  
7 update you on for my director's report. First of all, we  
8 do need to announce the Market -- Recycling Market  
9 Revolving Loan Program interest rate.

10           Per our regulations, we publicly announced this  
11 rate semiannually in February and then again in August,  
12 shortly after the controller's office publishes the  
13 surplus money investment fund, or the SMIF, yield rate.

14           At the July 2005 Board meeting, the Board voted to  
15 set the interest rate equal to the prime rate of interest  
16 with a maximum rate of 5 percent and with a minimum  
17 interest rate of 4 percent, but not less than the state's  
18 SMIF rate, so we are tied to the SMIF rate. The current  
19 prime rate is now six and a half percent, and the SMIF  
20 rate is 4.955 percent. So therefore, the RMDZ interest  
21 rate on loans approved for the six-month period ending  
22 June 30, 2008, will be reduced from 5.2 percent to 5.0  
23 percent, which is the maximum that Board policy would  
24 allow. So that's just an announcement for the record.  
25 And we will provide that information to various

1 stakeholders who need that.

2 I would like to let you know about state agency  
3 and local jurisdiction annual reporting, two separate but  
4 big undertakings that we do every year. Beginning  
5 January 11th, the Electronic State Organization and Agency  
6 Recycling Data Base System became available for state  
7 agencies and facilities to submit their annual recycling  
8 report for the year, the calendar year, 2007.

9 The annual report that they submit has to address  
10 the progress that they have made in meeting their AB 75  
11 50 percent waste diversion mandates, and the reports are  
12 due on or before April 1st. So we'll be reporting back to  
13 you on that.

14 We've also started the process for local  
15 jurisdiction annual reports. Last week, as you know, we  
16 notified all jurisdiction contacts, annual report  
17 contacts, and other interested parties, that the  
18 jurisdiction annual reports are due to us by March 15th.  
19 And we provided extensive direction to them on how to do  
20 this, via our electronic annual report submittal system.  
21 We had to wait until last week to set the due date because  
22 we were still waiting to get the final reporting system  
23 data that we needed for that.

24 So they've got about six weeks to submit that, and  
25 we'll be reporting to you again on progress with that.

1 That information will be used as part of the biannual  
2 review process that will start later on this year.

3 Moving on, I wanted to let you know about an  
4 effort that we have undertaken with Mindy Fox in the  
5 Office of Education and the Environment. As you know, the  
6 office is contracting for curriculum review and training  
7 with different school districts. And as part of that, our  
8 Local Assistance and Market Development staff has gone out  
9 to find districts, unified districts, and conducted waste  
10 assessments; met with each district's administrative staff  
11 and their jurisdiction contacts. They prepare an  
12 assessment report for each district -- has recommendations  
13 on how to improve their recycling rates. And that's all,  
14 as part of our obligations, under SB373 and the school  
15 mandates.

16 We have five more districts to go out and do waste  
17 assessments for, in order to fulfill that obligation. And  
18 we have a great team who's doing that, led by Marshalle  
19 Graham and Jennifer Wallin, and Jennifer Caldwell, Dianna  
20 Suarez-Arguelles, and Jill Firch, so they are working with  
21 Mindy's shop on all of that.

22 Another area where we spent a lot of staff effort  
23 has been streamlining CalMAX. I'm happy to announce that  
24 in about a week or so, a week to ten days, we'll be  
25 deploying a new CalMAX interactive Web-based materials

1 exchange site, which will be a highly automated version of  
2 what we have done in the past.

3 CalMAX has been pretty labor intensive for years,  
4 in terms of entering ads and verifying them and tracking  
5 them. And we've worked with Henry Muesse and Igor Chekin  
6 in IMB to develop a new system that users will be able to  
7 log onto CalMAX. They will have kind of a Web key. They  
8 can enter an ad. It will go on almost automatically as  
9 long as it passes a prohibitive word filter. So things  
10 will be much more effective. And then we'll have a  
11 tracking system that monitors the ads. And once they  
12 expire, there will be a notice that goes back to the  
13 poster that says, "Do you still want this ad to continue?"  
14 or did you have an exchange, or what have you. So I think  
15 this will make CalMAX a lot smoother.

16 Another improvement that, again, has taken a lot  
17 of work to do with IMB, we had a great team of people from  
18 Sustainability Program who worked on that. So we're very  
19 pleased that that's going to be coming up in the next week  
20 or so.

21 Coming up in March, just as a heads-up, we have a  
22 very heavy-duty set of committee meetings for you. Policy  
23 Committee and Market Development. We'll have an ADC  
24 policy item for your discussion purposes, an item on the  
25 research model that's called for under Strategic Directive

1 9.1.

2 We will have our draft LAO Tire Report for  
3 discussion, at least getting some initial direction on  
4 where the Board wants to go with that. We'll have a  
5 criteria item for household hazardous waste. And we'll  
6 have an update on Strategic Directive 9. So a lot coming  
7 in March.

8 We also have a number of important meetings coming  
9 up, and just a few I would like to flag to you. Coming  
10 up, February 21st, we have two meetings. One is going to  
11 be here. At Cal/EPA will be a stakeholders workshop on  
12 e-waste, continue some of the discussions in prep for the  
13 decisions that you will have to make in May and June on  
14 the various fund and payment fee issues. We also will  
15 have, on the 21st and 22nd, a zone administrators  
16 workshop, which will be down in Riverside. We'll be  
17 soliciting input from zone administrators on some of the  
18 issues that will be discussed today as part of one of the  
19 agenda items as well.

20 On March 17th, we will have an all-day, it's kind  
21 of a, double workshop. All day devoted to sharps and  
22 pharmaceuticals. This will be the first stakeholders  
23 meetings that we'll have to start implementation of SB1305  
24 on sharps, and SB966 on pharmaceuticals. So it will be  
25 half a day on each one. Many of the stakeholders are the

1 same. So we figured we'd piggyback the additional  
2 meetings together for their needs. There will be more  
3 information on that.

4 And lastly, just want to note that on April 28th,  
5 we'll have an educational workshop on extending producer  
6 responsibility. We'll be brining in people from around  
7 the country, Canada and Europe, to share their experiences  
8 in implementing producer responsibility-related programs.

9 So there's a lot on tap. And we'll be looking  
10 forward to those discussions, but we have plenty for you  
11 today as well.

12 Thanks, Madam Chair.

13 COMMITTEE MEMBER BROWN: Thank you, Howard.  
14 There's a lot coming up. A lot to do.

15 I would like to acknowledge and thank Member Mul  
16 for joining us this morning.

17 Item -- we'll move to the agenda. Item 8 we're  
18 going to defer the presentation to the full Board meeting  
19 next week.

20 And we'll move first to Item C, Board Item 9,  
21 Consideration of Grant Awards for Targeted Rubberized  
22 Asphalt Concrete Incentive Grant Program.

23 PROGRAM DIRECTOR LEVENSON: This is our monthly  
24 placeholder item. We do have one grant for you this  
25 month. And Elena Yates will make that presentation.

1 MS. YATES: Thank you, Howard.

2 Good morning, Board Members.

3 Today I will present staff's recommendation for  
4 this month's award for the Targeted RAC Incentive Grant  
5 Program. Staff received one eligible application, the  
6 city of Claremont, funding recommendation \$150,000. Staff  
7 recommends that the Board approve the proposed award and  
8 adopt resolution 2008-23 Revised.

9 Thank you. This concludes my presentation.

10 COMMITTEE MEMBER BROWN: Thank you, Elena.

11 Do we have any questions?

12 COMMITTEE MEMBER CHESBRO: I will move the item,  
13 the resolution.

14 COMMITTEE MEMBER BROWN: I guess I need to second  
15 it.

16 But we do have a couple of speakers first.

17 So before we do that, let me call our first  
18 speaker, terry Leveille, TL & Associates.

19 MR. LEVEILLE: Thank you, Madam Chair, Committee  
20 Members, Board Members.

21 Terry Leveille representing TL & Associates. And,  
22 you know, I don't have any problem with the program. I  
23 think it's a great program, etc.

24 But the issue that I want to talk a little bit  
25 about is some inconsistencies in the grant programs with

1 regard to buffings. Because as you well know, for the  
2 last couple of years, in the Tire-Derived Product Grant  
3 Program, there's been sort of a ban on the -- well, the  
4 Board can't spend money on any product that -- the buffing  
5 part of a product, that's being used, is being reimbursed.

6 And so you have a playground that has, maybe, a  
7 couple of pounds of buffing and then the rest of it is  
8 crumb rubber or ground rubber, you can pay for the ground  
9 rubber, but you can't pay for the buffings. And the  
10 reason why is buffings are -- first of all, they are  
11 not -- they are a by-product and they are a value-added  
12 product. They are worth something. And then, secondly,  
13 to get to the buffings, you're really not diverting tires.  
14 Those that buy from retreaders basically take a few  
15 buffings off and then recap the tires. Those companies  
16 that actually do make their own buffings may shave a few  
17 pounds off of a tire, but then the basic tire carcass is  
18 still disposed.

19 So the policy -- as far as the Tire-Derived  
20 Product Grant Program is not a bad idea. The thing is, is  
21 when you are dealing with some of the asphalt rubber  
22 programs and the chip seal program that Nate runs is they  
23 do use buffings in some of these products. Not all  
24 buffings. Most of it is crumb rubber. But they do use  
25 some buffings. And I guess the question is, is there an

1 inconsistency in what the Board is willing to pay for, or  
2 could the Board even ask the manufacturer, the  
3 manufacturers of the asphalt product, you know, what  
4 percentage of buffings they use in their product? You  
5 know, how many pounds?

6 And maybe the Board should just focus on paying  
7 for the asphalt rubber or the crumb rubber or the other  
8 types of rubber that are made from real processed tires,  
9 ban the buffings themselves, because buffings are a very  
10 unique property in the solid waste tire stream.

11 So just some thoughts down the line that you might  
12 want to consider.

13 Thank you.

14 COMMITTEE MEMBER BROWN: Thank you, Terry.

15 Our next speaker is Barry Takallou.

16 MR. TAKALLOU: Madam Chair, Members of the Board.  
17 Barry Takallou with CRM. Thank you. CRM Company.

18 And first of all, I want to thank you for a  
19 wonderful program. We support the program. It is one of  
20 the program which is, in 2007 we realize the most amount  
21 of rubber was used and tires was diverted from landfill.

22 Just to follow up the comment was made by Terry  
23 Leveille on use of the buffing, set aside buffing do not  
24 really taking the whole tire from landfill on the waste  
25 side of it. There are technical issues with the buffing.

1           When you produce crumb rubber from whole tire, it  
2   has more surface area. The rubber particle has more  
3   surface area. And rubber buffing has less surface area.

4           So there are two problems in using buffings: No.  
5   1, it gives you lower elastic recovery; and then No. 2,  
6   because it has a lower surface area, it is causing an  
7   unraveling problem. And since this is a targeted program  
8   for some of new user of the material, they may not know  
9   about some of these particulars on the type of the  
10   product.

11           That's why we would support Terry's mention and at  
12   least should be notification, you know -- you know, if  
13   they can use crumb rubber from whole tire, probably it is  
14   going to improve the problems of the asphalt.

15           So that's my comment.

16           COMMITTEE MEMBER BROWN: Thank you.

17           Howard, can you guys just look into the issue and  
18   get back to us before we bring forward another item on  
19   RAC. That would be fine.

20           Thank you.

21           It's been moved and seconded, this item.

22           Victoria, can you call the roll?

23           EXECUTIVE ASSISTANT CARVAJAL: Brown?

24           COMMITTEE MEMBER BROWN: Aye.

25           EXECUTIVE ASSISTANT CARVAJAL: Chesbro?

1 COMMITTEE MEMBER CHESBRO: Aye.

2 EXECUTIVE ASSISTANT CARVAJAL: Petersen?

3 COMMITTEE MEMBER BROWN: We'll hold that item  
4 open, if Gary joins us, and we'll have him vote on it.  
5 And we can move that, given the majority or quorum, to  
6 fiscal consent.

7 Thank you. And our next item, Committee Item D,  
8 Board Item 10, Consideration of Grant Award for the  
9 Tire-Derived Product Grant program.

10 Howard?

11 PROGRAM DIRECTOR LEVENSON: Thank you, Madam  
12 Chair, and I will turn this over to Michelle Martin for  
13 the presentation, once we get the PowerPoint up.

14 MS. MARTIN: Good morning. For the record, I'm  
15 Michelle Martin, and I'll be presenting Item B.

16 Before I get started with my presentation I'd like  
17 so share some survey results regarding tire-derived  
18 products.

19 (Thereupon an overhead presentation was  
20 presented as follows.)

21 MS. MARTIN: Each year, as part of the five-year  
22 plan performance measures, we send out a customer  
23 satisfaction survey to our grantees to find out how well  
24 the product is performing and if they are purchasing  
25 products on their own.

1 --o0o--

2 MS. MARTIN: The first chart shows grantee  
3 satisfaction: 63 percent said that they were very  
4 satisfied with the product; 33 percent said that they were  
5 satisfied; and 5 percent said they were somewhat  
6 satisfied.

7 We have asked if they purchased tire-derived  
8 products on their own, not using Board funds.

9 --o0o--

10 MS. MARTIN: And 50 percent said they have  
11 purchased products on their own. Of the 50 percent that  
12 didn't purchase products on their own, 29 said they would  
13 purchase products in the near future; and 63 percent said  
14 they were unsure.

15 And the last chart shows injuries statistics. 30  
16 percent said injuries decreased; 25 percent said they  
17 stayed the same; and 45 percent they did not have  
18 information available; zero percent said injuries  
19 increased.

20 And now back to my presentation.

21 --o0o--

22 MS. MARTIN: The TDP Grant Program provides grants  
23 to certain public entities, specific private schools, and  
24 community housing development organizations for the  
25 purchase of tire-derived products such as agricultural

1 landscape, recreational, and transportation products.

2           The Five-Year Plan allocates 2.4 million to the  
3 grant program, up to a maximum of a hundred thousand per  
4 applicant. Applicants must have met all the eligibility  
5 requirements, had an eligible project, and indicated that  
6 they would divert a minimum 2500 California waste tires.

7           Awarded applicants will be reimbursed at the  
8 actual cost per tire diverted for every tire diverted by  
9 the project, up to a maximum of \$5 per tire.

10                               --o0o--

11           MS. MARTIN: Staff contacted over 4,000 public  
12 entity contacts using internal mailing lists. We obtained  
13 mailing lists through the California Department of  
14 Education and Department of Housing and Community  
15 Development. We sent notification to 134 private school  
16 contacts and 180 community housing organization contacts.  
17 However, none of these organizations applied.

18                               --o0o--

19           MS. MARTIN: Because more funds were requested  
20 than available, a random selection process was held on  
21 December 27, 2007, to determine what applicants would  
22 receive funding and in which order.

23           The Board received 84 applications. 22 were  
24 disqualified for various reasons, which include incomplete  
25 applications, not enough tires diverted, or were not an

1 eligible applicant.

2 62 remaining applications were evaluated according  
3 to the evaluation process approved by the Board, totaling  
4 \$3,876,043. 36 applications are being recommended for  
5 full funding, and one application is being recommended for  
6 partial funding, totaling 2.4 million.

7 25 applications plus the remainder of one  
8 partially funded applicant, totaling \$1,476,043, the B  
9 list, Attachment 2, will be recommended for the April,  
10 2008 reallocation of the Tire Recycling Management Fund  
11 item.

12 --o0o--

13 MS. MARTIN: Staff recommends that the Board  
14 approve Option 1, approval of the grant awards for the  
15 Tire-Derived Product Grant program for Fiscal Year  
16 2007/2008 as listed in Attachment 1, and adopt Resolution  
17 No. 2008-24.

18 And this concludes my presentation.

19 Are there any questions?

20 COMMITTEE MEMBER BROWN: Thank you. Questions?

21 Member Chesbro?

22 COMMITTEE MEMBER CHESBRO: I'm curious about the  
23 outreach in both of the categories we were attempting to  
24 expand into, like what type of contact was made? Was it a  
25 letter that was sent out?

1 MS. MARTIN: We attained those lists from those  
2 two organizations that I identified. We sent out postcard  
3 notifications to those entities.

4 COMMITTEE MEMBER CHESBRO: Well, there's a very  
5 good chance that, in most cases, they are not really  
6 familiar with what the program is. And so it might have  
7 easily slipped through the cracks.

8 And so I guess the things that come to mind is  
9 whether or not, you know, they have any state associations  
10 who might publicize it. Or if they have any conferences  
11 where, you know, a workshop might be provided, or ways to  
12 outreach to those types of organizations, to let them know  
13 sort of what this is, because it's real possible, if you  
14 think about all the mail you get at home, about various  
15 things that it just wound up in a pile, because they  
16 didn't even know what it was.

17 MS. MARTIN: You know, we had a pretty short  
18 turnaround time.

19 COMMITTEE MEMBER CHESBRO: This is not a  
20 criticism. Don't misinterpret it.

21 MS. MARTIN: No. But I think that it's important  
22 that we can definitely do that type of outreach in the  
23 future.

24 COMMITTEE MEMBER CHESBRO: It was meant as a  
25 constructive suggestion. I understand that we didn't

1 direct as a Board nor was there a lot of time for a big  
2 production. And I'm not necessarily suggesting a large  
3 expenditure of staff time.

4 But if there are some state organizations that  
5 they think their members might be interested in, we can  
6 partner with them to use whatever vehicles they have to  
7 communicate with their members' publications or  
8 conferences. It would be a fairly low staff intensive or  
9 low overhead way to educate them about what's available  
10 there. That's all I'm suggesting.

11 COMMITTEE MEMBER BROWN: Probably, it's after the  
12 round and we get the grants, before we go to next year's  
13 allocation. Most of these organizations, like the  
14 community developer, are strapped for staff and funding,  
15 and they probably looked at the complexity of the  
16 application and having to have the criteria in place and  
17 the resolutions and all of that. It may have just been  
18 overwhelming.

19 So it's an excellent suggestion to at least reach  
20 out and see what kind of support they need in order to  
21 look at some of these applications.

22 COMMITTEE MEMBER CHESBRO: My other point is  
23 really not a question. It's just an observation for the  
24 Board and the staff. And that is that we continue to have  
25 oversubscription and greater demand than money that's

1     there. And it's not as though there's a shortage of tire  
2     money.

3             So I hope we will try to find a way -- it's not  
4     the first time I've brought this up. I hope we try to  
5     find a way to, where there currently is demand, direct  
6     tire money to try to meet that demand, where there's a  
7     real desire to take advantage of more programs like this.

8             COMMITTEE MEMBER BROWN: Any other questions or  
9     comments?

10            BOARD MEMBER PEACE: I just have one question.

11            On List A, these are the ones that we're funding?

12            MS. MARTIN: Yes.

13            BOARD MEMBER PEACE: Okay. I don't know if that's  
14     a typo or not. Because I thought the tire limit was \$5 a  
15     tire.

16            If you look at No. 32, the San Andreas Recreation  
17     and Park District, unless that's a typo, that's more than  
18     \$5. Most of the other ones seem to be in that range.  
19     That one jumped out at me.

20            COMMITTEE MEMBER BROWN: Since we probably can't  
21     figure out whether it's a typo here, we'll probably have  
22     to pull the application for clarification. I would assume  
23     that the only adjustment that would be necessary, if it's  
24     a typo or not, is that maybe the City of Lemoore would get  
25     a greater percentage of funding if it's inappropriately

1     noted; is that correct, Howard?

2             PROGRAM DIRECTOR LEVENSON:   It would be the City  
3     of Lemoore plus probably partial funding for Capay, which  
4     would be next on the list.   So we'll have to look at that  
5     application and double check that, see if it is the \$5  
6     amount, and then report back to you next week.

7             COMMITTEE MEMBER BROWN:   Okay.

8             BOARD MEMBER PEACE:   And also there's just one  
9     other little question.   I realize on list B, the City of  
10    Shasta Lake, that seemed like way out of line in a good  
11    way, that if they said they are using 162,000 tires, that  
12    comes out to like 38 cents a tire.   That's great.

13            But I am wondering when we see things like that,  
14    I guess, that really jump out at me, do we ever, like,  
15    look into it at all to see exactly what process we're  
16    using, or what they are doing to be able to use so many  
17    tires at such an effective rate?   Is there a process or  
18    what they are doing different than anybody else is doing?

19            MS. MARTIN:   Yeah.   We definitely review the  
20    certification forms when they come in.   I'm assuming, just  
21    by looking at this and not having the application in front  
22    of me, that they are using it at multiple playground  
23    sites.   So that's why the number, I'm assuming, is so  
24    high.

25            But we definitely look at the certifications when

1 they come.

2 BOARD MEMBER PEACE: The number's great. But  
3 they're using that money and it comes out like to about 38  
4 cents per tire diverted, which is great.

5 I was just wondering why they are able to -- this  
6 project was able to get the cost per tire down so low,  
7 compared to other ones. And I was just wondering why  
8 there's such a difference.

9 If you ever have time to go back and look and see  
10 exactly what it is that they are doing, there may be other  
11 ones they could do to get a -- to do a better job of in  
12 terms of cost per tire.

13 MS. MARTIN: And I know when people are buying in  
14 bulk like that and buying so much product, they probably  
15 are getting it at a discounted price. But I could  
16 definitely look into that.

17 CHAIRPERSON PETERSEN: Just curious to see what  
18 they are doing compared to the others.

19 COMMITTEE MEMBER BROWN: Any other questions?

20 We do have one speaker, Terry Leveille.

21 MR. LEVEILLE: Madam Chair, Committee, and Board  
22 Members. Terry Leveille, TL & Associates.

23 You know, one of the problems I think is -- and  
24 it's -- I don't know how the Board's going to resolve  
25 this, is this TDP certification that an applicant needs to

1 put in their -- put in their proposal. You know, I  
2 recommend -- I took a look at the ones. And there's this  
3 PermaLife products of Guttenberg, New Jersey, which has  
4 22 -- at least of the 84 that put in applications, 22 TDP  
5 certifications. They are a company that was in Arizona  
6 that basically had a huge tire fire back in September.  
7 And they have been subject to a cease and desist order  
8 since then. You know, why are they even be being used?

9 You know, it's a tricky thing. How does  
10 out-of-state companies, how can they adequately put in  
11 bids for these projects if they don't use California waste  
12 tires?

13 And you know, one of these things that probably  
14 needs to be looked into -- and certainly, if any of the  
15 winners in this random selection process have used  
16 PermaLife as their TDP certification, staff should  
17 certainly notify them, say, you know, "This is a little  
18 awkward because this company cannot actually make the  
19 product that you're going to -- that you are going to get  
20 a grant for." So I think this whole certification process  
21 really needs to be taken a look at, particularly from the  
22 ones from out of state.

23 Now, if they use California waste tires, maybe  
24 there's an organization, company, that uses California  
25 waste tires. Well, that's fine. There's no problem with

1     that. But it would seem like certainly this one would be  
2     one that would want to be notified.

3             Thank you.

4             MS. MARTIN: I would like to respond.

5             COMMITTEE MEMBER BROWN: Thank you.

6             MS. MARTIN: The first point I wanted to make was  
7     when the applications were due, they were due back in  
8     November. So applicants requested these certification  
9     forms to be filled out probably in September, I'm assuming  
10    before the tire fire happened, the facility fire happened.  
11    So I just wanted to make that point, first of all.

12            The second point is, staff is recommending audits  
13    for certain tire-derived product grants to happen, so  
14    staff would recommend that some of these companies be  
15    audited.

16            COMMITTEE MEMBER BROWN: Is there not a  
17    requirement for the reimbursement for California tires? I  
18    mean, I thought the \$5 was for California waste tires, so  
19    that is part of the eligibility criteria.

20            MS. MARTIN: That's correct. They do have to  
21    certify under penalty of perjury that a hundred percent  
22    California waste tires are being used in the product.

23            COMMITTEE MEMBER BROWN: So we will audit them,  
24    which we are going to do, anyway. But they are using  
25    California waste tires whether they are in Oregon or

1 Arizona or wherever. We just need to certify that they  
2 are.

3 MS. MARTIN: Correct.

4 COMMITTEE MEMBER BROWN: Thank you, Michelle.

5 COMMITTEE MEMBER CHESBRO: I'd just like to thank  
6 Terry for buffing up his presentation since the last one.

7 COMMITTEE MEMBER BROWN: Oh, no.

8 Any other questions or witty comments?

9 Jeff?

10 BOARD MEMBER DANZINGER: No. We've had enough of  
11 those.

12 COMMITTEE MEMBER BROWN: I second that.

13 Can I have a motion?

14 COMMITTEE MEMBER CHESBRO: I will move the  
15 resolution.

16 COMMITTEE MEMBER BROWN: I will second.

17 The resolution has been moved and seconded.

18 Victoria, can you call the roll?

19 EXECUTIVE ASSISTANT CARVAJAL: Brown?

20 COMMITTEE MEMBER BROWN: Aye.

21 EXECUTIVE ASSISTANT CARVAJAL: Chesbro?

22 COMMITTEE MEMBER CHESBRO: Aye.

23 EXECUTIVE ASSISTANT CARVAJAL: Petersen?

24 CHAIRPERSON PETERSEN: Aye.

25 COMMITTEE MEMBER BROWN: And thank you for joining

1 us, Gary.

2 CHAIRPERSON PETERSEN: Good morning, Madam Chair.

3 COMMITTEE MEMBER BROWN: Do you have any questions  
4 on the items before we move to the next?

5 CHAIRPERSON PETERSEN: No, I'm fine.

6 PROGRAM DIRECTOR LEVENSON: Madam Chair, we will  
7 go ahead and check out the discrepancy that Ms. Peace  
8 pointed out on San Andreas. There's another one on the  
9 table that I also noticed, so we may come back with a  
10 little bit of a revision when we find out.

11 COMMITTEE MEMBER BROWN: That's fine. Pending  
12 that, we can probably put it on fiscal consent. You can  
13 just let us know A and B, and that would be great.

14 Okay. We'll move next to Committee Item E,  
15 Consideration of Scope of Work for the Waste  
16 Characterization Study to Support Commercial Recycling  
17 Options.

18 Howard?

19 PROGRAM DIRECTOR LEVENSON: Thank you, Madam  
20 Chair.

21 I would like to introduce this item with a couple  
22 of remarks. I think most of you probably have seen a  
23 letter that we got from Evan Edgar -- I believe, dated  
24 this morning or yesterday, I'm not sure -- raising some  
25 questions about that.

1           I thought it would be useful to point out a couple  
2 of things about our work on commercial recycling in  
3 general. I think we all recognize that this is one of the  
4 areas where there's potential for great contributions to  
5 the State's work on climate change as well as to  
6 increasing diversion from landfills.

7           So commercial recycling is certainly high up on  
8 our list of areas to be working on. And indeed, it's one  
9 of the portions of the strategy, the third strategy under  
10 the Climate Action Team. And we are right in the middle  
11 of developing templates for the ARB to include in their  
12 scope and plan, a template on commercial recycling.

13           One of the things that we found is, we don't have  
14 very much information to fill out those templates; they  
15 are very detailed templates about potential tonnage  
16 reductions and costs associated with any particular  
17 activity. And so we've embarked on a number of different  
18 activities that we hope will allow us to fill out those  
19 templates and work with the Air Board in their scoping  
20 plan on commercial recycling. We have to get something in  
21 to them next month.

22           But we will be able to come back to those  
23 templates and refine them based on information we get from  
24 this study, the waste characterization study, from the  
25 work that we're doing -- or hopefully will do with the

1 Institute for Local Government, which is another item on  
2 this month's agenda. But the work that we're doing with  
3 the California Climate Action Registry on developing  
4 protocols within California.

5 And then just earlier this week, Madam Chair, I  
6 think you and Brenda Smyth had conversations with the  
7 Chicago Climate Exchange about possibilities of working  
8 with them on broader market-based protocols. So there's a  
9 lot going on, on commercial recycling. It's going to take  
10 a while for us to get all the information we need to  
11 really fine tune protocols and be able to work with the  
12 Air Board on final decisions that Air Board might make in  
13 this respect.

14 But we need to get information on commercial  
15 recycling generational as a starting point. This item is  
16 designed -- first of all, it is using monies that are  
17 dedicated to waste characterization studies. I think  
18 that's important to note.

19 Every three years, we have dedicated monies  
20 available for waste characterization studies. The first  
21 year of the cycle goes to the statewide study that is  
22 already ongoing. The second year is special studies and,  
23 that's what this particular funding proposal is for. And  
24 then the third year is an off year. And then we start the  
25 cycle over.

1           So we're using budget monies that are dedicated to  
2 waste characterization. We have some generation data from  
3 the commercial sector from past studies, but it's really  
4 not the kind of information that we need and the kind of  
5 detail and standardized collection procedures that we need  
6 in order to work on those templates and protocols for the  
7 ARB.

8           So that's the kind of information that I would  
9 like to -- I will call Evan back. And I would like to  
10 convey that and meet with him about that.

11           We certainly are on board about the need for  
12 protocols and are working on as many fronts as we can, but  
13 they are all kind of interconnected; different pieces are  
14 feeding into each other. So I hope that that context will  
15 allay some of the concerns.

16           With that, I'll turn it over to Nancy Carr who  
17 will talk about the scope of work for the study.

18           (Thereupon an overhead presentation was  
19 presented as follows.)

20           MS. CARR: Good morning, Chair Petersen and  
21 members.

22           CHAIRPERSON PETERSEN: Good morning.

23           I'm over here.

24           MS. CARR: I'm Nancy Carr. And I'm here today to  
25 present for your consideration the scope of work for a

1 waste characterization study to support commercial  
2 recycling.

3 Well, even though Howard gave you some context of  
4 where this stands in relation to the data we already have,  
5 I'm going to go over the background of our past study just  
6 very briefly.

7 (Thereupon an overhead presentation was  
8 presented as follows.)

9 MS. CARR: I'll give you a little bit more detail  
10 of what's in the studies that we have. So 1999 was our  
11 first statewide study, and we gathered data disposed, data  
12 on materials disposed from the commercial, residential,  
13 and self-haul sector, so the whole waste stream.

14 But we really focused on the commercial sector and  
15 we sampled about 1200 individual businesses in 26  
16 different business groups, and we covered the entire  
17 commercial sector. And we have waste disposal composition  
18 data for each of those business types.

19 The second statewide study was done in 2004, and  
20 it was a more general study. And we collected samples  
21 again for the residential, commercial, and self-haul  
22 sectors. But this time, at disposal facilities only, we  
23 didn't do any generator sampling. So we just got data for  
24 the commercial sector for the overall whole commercial  
25 sector, not broken down by business group.

1 --o0o--

2 MS. CARR: And just to give you a couple of slides  
3 from that study, this first one shows how much of the  
4 waste is disposed from each of the major sectors. So  
5 almost half comes from the commercial sector; about  
6 30 percent from residential sources; and about 20 percent  
7 from self-haulers.

8 But in the self-haul sector, about 17 percent of  
9 that comes from commercial sources. So when we add that  
10 up at the data from the commercial roots that we have,  
11 that ends up being over 60 percent of the statewide waste  
12 stream.

13 COMMITTEE MEMBER CHESBRO: That was the amount  
14 disposed, though? So that wasn't necessarily the waste  
15 stream including the amount diverted?

16 --o0o--

17 MS. CARR: Right. It's disposal on the disposed  
18 waste stream only. And this slide shows the top ten  
19 material types disposed by the overall commercial sector.

20 So as you can see, there are some materials on the  
21 list that are readily recoverable, pretty high up on the  
22 list, like cardboard, lumber, and paper.

23 So the commercial waste stream is a significant  
24 part of the waste stream and contains materials that still  
25 have potential for further recycling.

1                               --o0o--

2               MS. CARR: Okay. The other study that we did  
3 where we looked at the commercial sector in detail was  
4 done in 2006. That year, we did targeted studies on four  
5 different types of parts of the waste stream. And one of  
6 them was looking at certain business groups in four urban  
7 areas of the state. So we didn't look at the whole waste  
8 stream. We didn't even look at the whole commercial  
9 sector. And we didn't look at the whole state.

10              But in that study we did look at -- we did collect  
11 data on what was being disposed, like we did in 1999. And  
12 for the first time, we collected data on what those  
13 businesses were diverting.

14              The sites that we chose, individual businesses we  
15 chose, were selected randomly in each area without regard  
16 to what city they were in or what kind of recycling  
17 programs the city might have or what kind of programs the  
18 businesses might have. We just picked and randomly called  
19 them up on the phone and asked them to participate in the  
20 study.

21                               --o0o--

22              MS. CARR: Okay. The study we have going on, this  
23 year, is similar to the study done in 2004. As Howard  
24 said, it's starting that cycle again, so it's another  
25 general statewide update. And again, for the commercial

1 sector, we'll be sampling at disposal facilities only, not  
2 doing generator sampling, so we'll have data for the  
3 overall commercial composition again.

4 And the first field season was completed  
5 February 1st, a couple of weeks ago. And the next season  
6 will be done in April. We'll do two more seasons, July  
7 and October, so we have the whole year covered. And the  
8 report will be available next spring.

9 --o0o--

10 MS. CARR: Okay. So that's context of the studies  
11 we've done and the data that we have. So now let's talk  
12 about the proposed scope of work for the study you have  
13 before you today.

14 As you know, one of the early action measures the  
15 Board is taking on climate change issues is to increase  
16 recycling in the commercial sector. So this study is  
17 designed to support those efforts as well as provide  
18 information to help quantify potential greenhouse gas  
19 reductions that could be realized for commercial recycling  
20 increases.

21 So for this study, one of the fundamental blocks  
22 will be to focus on the material types with the greatest  
23 potential to result in greenhouse gas emission reductions  
24 through increased recycling. And we have a list of those  
25 material types from the Climate Change staff already.

1           We can use existing information from past board  
2 studies as well as other sources to identify the business  
3 types with the best potential to increase recycling of  
4 those specific materials. So we can really use the data  
5 that we have already to focus on where we can get the  
6 biggest bang for the buck.

7           The study proposes to collect data under two  
8 scenarios -- in jurisdictions with strong recycling in the  
9 commercial sector already going on; and in jurisdictions  
10 without that.

11                               --o0o--

12           MS. CARR: By focusing on these two types of  
13 jurisdictions, we will be able to compare the waste stream  
14 data on the types and amounts of materials both disposed  
15 and diverted in each scenario. And the difference between  
16 the two can be used to estimate the potential for increase  
17 in recycling and greenhouse gas reductions.

18           The study will also gather information on the  
19 commercial recycling programs that exist in each  
20 jurisdiction chosen and the recycling activities going on  
21 at each business included in the study. And this will  
22 help us to identify model programs and practices as well  
23 as barriers to recycling or reasons businesses are  
24 recycling more.

25                               --o0o--

1 MS. CARR: As usual, since we're numbers people,  
2 we have to do it by the numbers. So we'll be sampling in  
3 six jurisdictions -- three with robust recycling  
4 opportunities, and three without. Five business types  
5 will be selected based on the potential to increase the  
6 recycling of the material types of interest.

7 We anticipate 300 individual samples to be  
8 characterized. We want to do ten per jurisdiction, per  
9 business type. So that's 60 per business type overall, it  
10 will be 50 per jurisdiction.

11 We will do disposal characterization, so sorting  
12 with the waste still being disposed in the dumpsters as  
13 well as diversion audits to quantify materials disposed  
14 and diverted. And we plan on doing two sampling seasons.

15 --o0o--

16 MS. CARR: So the staff recommendation is to  
17 approve Option 1, approve the scope of work for a waste  
18 characterization study to support commercial recycling  
19 options as written, in an amount up to \$364,527; direct  
20 staff to proceed with the request for proposal; and adopt  
21 Resolution No. 2008-30.

22 Are there any questions?

23 COMMITTEE MEMBER BROWN: Yes, of course.

24 Member Chesbro? I didn't mean to direct that --  
25 he always has questions. I mean, of course we have

1 questions. It's an interesting topic.

2 Sorry, Nancy.

3 COMMITTEE MEMBER CHESBRO: Of course we have  
4 questions.

5 There he goes again.

6 That's quite all right. I characterize myself  
7 that way. Speaking of characterization, is there a reason  
8 we couldn't go the direction that Evan and George Eowan  
9 suggested in the CRRC letter in terms of trying to focus  
10 this thing on the greenhouse gas aspect of it and still  
11 calling it waste characterization?

12 DIVISION CHIEF SMYTH: Brenda Smyth. I'm with the  
13 Sustainability Program.

14 And I think the thing we need to understand about  
15 this scope of work is setting the foundation to gather the  
16 data, and that we are working the direction that Evan  
17 Edgar is proposing, but not in this scope of work, because  
18 this is a data gathering exercise.

19 We are engaged with CCAR on protocols. Commercial  
20 recycling is actually probably one of the most difficult  
21 protocols to develop. And it's going to be even more  
22 difficult to do that without the data to do that.

23 So this is the first step. We're engaged with ARB  
24 and their climate change measures. We're engaged with  
25 CCAR. We're engaged with even the Chicago Climate

1 Exchange to understand these broader, what I call, more  
2 systematic protocols that we need to have in place, rather  
3 than project specific.

4 You know, you have a cement plant or you have an  
5 anaerobic digestion, and we could draw a box around that.  
6 So I think Evan's points are well-taken. We just need to  
7 put them in the broader context of what we're doing.

8 COMMITTEE MEMBER CHESBRO: Well, I worry that the  
9 climate change train is starting down the tracks, and  
10 we're over here studying, and that we won't at least have  
11 a placeholder or some way to make sure that commercial  
12 recycling is on the list and is not viewed as being out  
13 there doing the preliminaries before we do what Evan  
14 suggested.

15 And we -- I just --

16 COMMITTEE MEMBER BROWN: We actually put it on the  
17 list. So it is on the list, which is what's forcing CCAR  
18 to develop the protocols in coordination with us. Because  
19 we actually --

20 COMMITTEE MEMBER CHESBRO: We can be sure that --

21 COMMITTEE MEMBER BROWN: It's part of CAT. Let's  
22 put that on the list of early actions. It's not a  
23 discrete early action like our compost covers. But it is  
24 part of the action that we've undertaken as part of the  
25 CAT.

1           So we're working with ARB on the scoping. So we  
2   are developing the methodology. It's just not part of the  
3   this scope of work. That's -- staff is working there.

4           PROGRAM DIRECTOR LEVENSON: That's correct. It's  
5   very important that commercial recycling be part of the  
6   scoping plan that the ARB adopts later this year. But we  
7   don't have to have all of the details completed by that  
8   time. We can come back -- as long as it's in -- the  
9   concept of commercial recycling is in the scoping plan, we  
10   can come back with this information and protocol  
11   development that we're working on with CCAR and others,  
12   and then kind of revise that template probably in 2009 or  
13   so.

14           And then we -- the Air Board would have to work  
15   with us in terms of what the specific regulations or  
16   mandates or voluntary kinds of programs would be  
17   established for commercial recycling.

18           So --

19           COMMITTEE MEMBER CHESBRO: I have other questions.  
20   But it looked like Jeff has questions.

21           BOARD MEMBER DANZINGER: Just to follow on yours,  
22   as I was seeing the presentation, there was one bullet  
23   that actually says determine the -- the study will  
24   determine the potential increase in recycling and GHG  
25   reductions. So I didn't know what that meant.

1           How far does this particular study go in that  
2   regard? I mean, are you using a warm model? And you are  
3   going to equate what we find in commercial generation out  
4   there? And I remember the last study from '04, of the  
5   things that it did that I thought was really good is it  
6   actually broke out easily divertable and potentially  
7   divertable from the stuff that was going out there.

8           And I thought that was really cool, because you  
9   can actually look at what this study did that, you know,  
10   that Evan had passed along, shows what we've done in the  
11   progress but also the potential that's remaining. And I  
12   thought, are we taking that and seeing that and raising it  
13   by saying, "Okay. We're going to be able to identify  
14   what's easily divertable and potentially divertable that's  
15   currently being landfill from the commercial sector? And  
16   then we're going to use a model of some sort to equate  
17   that to GHG reductions.

18          DIVISION CHIEF SMYTH: Well, I think what I'd like  
19   to say about this study is that it's going to be a  
20   quantification. And that, yes, we'll look at what's  
21   divertable easily and all that, and we can quantify it.

22          Now we're adding the overlay of not only what's  
23   divertable but what gives this greenhouse gas return when  
24   we divert it.

25          So, yes, we will be -- we will be able to quantify

1    what are the GHG reductions. And this actually gives us  
2    those specific numbers that we can then pump into the  
3    templates, the early action templates. In March, we're  
4    going to be doing some very creative assumptions for those  
5    templates, just to lay on the table, what is the potential  
6    of a commercial recycling early action measurement? But  
7    after we get the information back from the study, then  
8    we'll be able to fine tune those and quantify that.

9           The study will very easily be able to quantify  
10   that. And we'll also be able to overlay the recycling  
11   program potential within the business sectors that we  
12   study, because we're looking at robust and nonrobust  
13   program areas. And so we'll be able to say, well, there  
14   is the potential to pick up these materials because they  
15   have recycling programs in place. And this is how they  
16   will dovetail in.

17          This study will be able to do that. What it won't  
18   be able to do, which is taking that information to a  
19   protocol, or a model, where then you start saying, well,  
20   who gets the credit? And that becomes a very big policy  
21   discussion that happens with CCAR and the Climate Exchange  
22   and folks like that.

23          So to kind of separate the two -- acknowledge that  
24   they are all moving along at the same time and that we are  
25   on the same program and trying to achieve all that. This

1 is a quantification of the data that we need and the rest  
2 that's going on at the same time is development of those  
3 models and protocols.

4 COMMITTEE MEMBER CHESBRO: Madam Chair, I -- Madam  
5 Chair and Mr. Chair -- my problem is, of course, I'm just  
6 impatient. And I just figure we're going to study this  
7 stuff to death. And it occurred to me -- this is going at  
8 a slightly different tangent, and it may not be a good  
9 idea. I'm just thinking out loud, that, you know, we have  
10 this item on the Board agenda with the Institute for Local  
11 Government.

12 So what about or why not think about doing this in  
13 a more decentralized fashion? You got local jurisdictions  
14 moving on commercial recycling now. And is it possible  
15 that rather than trying to do something on a state level  
16 and extrapolate it everywhere, that the money could be  
17 better used in assisting those local jurisdictions that  
18 are out in the lead and doing, for example, mandatory  
19 commercial recycling in how to -- how to document the  
20 greenhouse gas emission savings and what the materials are  
21 that they are going to be collecting through the  
22 commercial recycling programs.

23 PROGRAM DIRECTOR LEVENSON: Well, all of these  
24 things we're tieing together. I think part of the  
25 difficulty here is that, ultimately, we have to have

1   defensible protocols that are developed, if there's ever  
2   going to be any kind of carbon trading or cap and trade  
3   system. And those are extremely difficult to develop,  
4   even the ones that were developed by CCAR. The landfill  
5   sector took quite a bit of time and they needed this  
6   background data.

7           So regardless of -- I mean, we are working with  
8   the ILG, or hope to work with them, to quantify some of  
9   the successful commercial recycling programs and their  
10  impacts on greenhouse gases. This would give us the  
11  underpinning data that we need to support that effort and  
12  the protocol development.

13           We're still going to need this information. And  
14  the protocols will take quite a while to develop. They  
15  are not going to be easy when it comes to commercial  
16  recycling because there's so many entities involved,  
17  there's so many questions about boundaries, what's in  
18  California, what's outside California, who gets credit.  
19  Those are all kinds of discussions that are going to go on  
20  in a whole different venue than would be -- than we'd able  
21  to accomplish in this contract at all.

22           COMMITTEE MEMBER CHESBRO: Someone used the  
23  metaphor with regards to long-term solutions and immediate  
24  actions of -- it's a sports metaphor. I'm sorry for those  
25  of you who aren't sports fans. You need a passing game

1 and you also need a ground game.

2 And we got to make sure that -- I'm really mixing  
3 my metaphors here. We're not thinking so much about  
4 what's going to happen some time out in the future, once  
5 we figure out all these complicated things, and not doing  
6 the things right now on the ground that can be -- that's  
7 starting to solve the problem.

8 And I know that's what the early action list is  
9 about. But that's sort of -- that really informs my  
10 mentality on this stuff is to make sure that we're not  
11 just doing really good projections and studies, but, in  
12 the meantime, not sufficiently reporting what we know can  
13 make a real difference and is practical to be done in  
14 realtime, right now.

15 PROGRAM DIRECTOR LEVENSON: I think that's one of  
16 the reasons why we proposed working with the Institute for  
17 Local Government is to actually promote and document those  
18 programs that are either going on or could be implemented  
19 very quickly by local jurisdictions, so they can start  
20 getting credit for the activities that they are taking,  
21 and then give us data that we can use again in the  
22 development of the protocols.

23 I'm afraid it's just a fact of life that the  
24 protocols are going to take some time to develop. And  
25 once they are in place, if they are done correctly, then

1 the carbon trading markets will be able to use those and  
2 either jurisdictions or businesses who are able to  
3 register and certify that they are using those protocols  
4 will be able to sell their carbon credits on the market.  
5 And that's something that we're all hoping will happen  
6 relatively quickly. In realty, it's going to be a couple  
7 of years before it's in place.

8 COMMITTEE MEMBER BROWN: You are talking about  
9 protocols across all sectors, not just ours; right? Or  
10 your -- CCAR is looking for protocols across all sectors,  
11 so it's not just our sector that is taking time. We need  
12 to do this very deliberatively. Everybody's looking at  
13 California to see how it is going to be rolled out in the  
14 scoping plan.

15 I think one of the things that may address some of  
16 my fellow Board members' concerns are things that Mark and  
17 I have talked about -- doing more frequent updates on what  
18 your staff is doing in relationship to CCAR, the ARB, and  
19 the scoping plan, so that we're more regularly updated on  
20 the continued work that we're doing in the development of  
21 these protocols. And working with the landfill and  
22 recycling team so that's it's not when an item comes  
23 forward that we know what's going on.

24 Because I think a lot of the stuff that is being  
25 done in this building and with ARB, we're participating in

1 but we don't know enough about what -- how far out staff  
2 is on some of the these items.

3 So that will help us when things like this come  
4 forward. See how it all fits in with what you are already  
5 doing and how it dovetails and complements what we need to  
6 do in order to participate in this scoping plan.

7 COMMITTEE MEMBER CHESBRO: This stems from my  
8 impatience. Two years. Is there -- I mean, first of all,  
9 is there any way to do it any faster? And secondly, would  
10 it benefit us to do it any faster from the standpoint of  
11 getting --

12 COMMITTEE MEMBER BROWN: I agree.

13 COMMITTEE MEMBER CHESBRO: -- this information in  
14 place and therefore expediting the protocols and whatever  
15 else we need to do down the line.

16 PROGRAM DIRECTOR LEVENSON: Well, if we had a  
17 stable of horses, we might be able to do things a little  
18 more quickly. Even speaking to the update issue that  
19 Madam Chair raised, we were providing more substantial  
20 weekly updates to you. But the person who was doing that  
21 is now at the agency. And we haven't backfilled that  
22 position yet. So we're scrambling in terms of trying to  
23 get people to do the work.

24 If we had more people, we probably could do some  
25 of this a little more quickly. But, you know, we've

1 watched the CCAR process. We have just started getting  
2 engaged with the Climate Exchange. And Brenda may have  
3 some ideas on how rapidly those things happen.

4 But they are not things that can be done in three  
5 or four months.

6 COMMITTEE MEMBER CHESBRO: The staffing problems  
7 address how quickly we can get a contract in place. But  
8 it doesn't necessarily affect how long the contractor  
9 needs to get the work done.

10 COMMITTEE MEMBER BROWN: I think we're looking for  
11 preliminary data or data quicker than two season and a  
12 year later, and sometimes in 2009, beginning to see the  
13 information. I think that's the frustration. And it's  
14 something, you know, with every scope of work that comes  
15 up, you know, we're anxious to get the information sooner  
16 rather than later.

17 DIVISION CHIEF SMYTH: Well, I think while they  
18 are chatting, one thing that we did try to put in the  
19 scope of work is to get feedback. Nancy will be able to  
20 answer this in more detail. But I think we had seasonal  
21 testing, and we asked for feedback as soon as we got it.  
22 So we were getting kind of preliminary feedback before the  
23 final report.

24 MS. CARR: I didn't hear everything you said. I'm  
25 sorry.

1           Actually, when we first wrote this scope of work  
2   and the schedule of deliverables, it was a shorter time  
3   frame. And we started talking about the ILG contract and  
4   wanting to be able to coordinate with that. So we sort of  
5   loosened up the dates somewhat.

6           But I don't think we can have the first season  
7   before October. But the second season we can shorten up  
8   to, you know, January or February something. It depends  
9   on -- it kind of depends on the contractor. And it also,  
10   you know, does depend on staffing time, because for this  
11   contract, there's going to be a lot more Board staff  
12   involved because we need help from the LAM staff to  
13   identify the jurisdictions that are going to be  
14   appropriate to use and --

15           COMMITTEE MEMBER BROWN: But that can be done  
16   during the process of getting the RFP. I mean, the staff  
17   can do the work now. They don't have to wait until the  
18   contract is done, and the contract has to be done before  
19   the end of June.

20           I mean, there's got to be a way, whether we give  
21   them preferential or bonus points for being able to start  
22   the first season. It doesn't make any sense to do a  
23   season in October and a season in January. It makes much  
24   more sense to do a season in the summer and a season in  
25   the fall or winter, I would assume, because it just makes

1 more sense to do two different types of seasons, I would  
2 assume; not two consecutive seasons.

3 I mean, can you do bonus points for getting the  
4 contract started sooner rather than later?

5 MS. CARR: That's a contracts question. I guess  
6 we could put that in the evaluation criteria.

7 COMMITTEE MEMBER BROWN: Do you want to take some  
8 time to look at some creative options and get back to us?

9 PROGRAM DIRECTOR LEVENSON: We can do that.

10 But I don't think there would be a problem though  
11 in the request for proposals in putting the scoring  
12 criteria that have bonus points for being able to start  
13 sampling within, say, a month of date of execution of the  
14 contract. That would not be a problem.

15 That doesn't mean that we'll get proposals that  
16 can handle that. But we could give preference points for  
17 that. We could also include in the scope of report on the  
18 preliminary findings from the first sampling season,  
19 whenever that is.

20 COMMITTEE MEMBER CHESBRO: So somewhat  
21 facetiously, I will ask counsel to redraft the resolution  
22 to include in the whereases that it is with a sense of  
23 impatience, and later on, say, two years or as soon as  
24 possible.

25 COMMITTEE MEMBER BROWN: Whereas they can provide

1 updates and information along the way.

2 Okay. We do have -- any other questions?

3 BOARD MEMBER MULÉ: Why don't we let the speakers  
4 go first, and then I will raise my questions.

5 Thank you.

6 COMMITTEE MEMBER BROWN: George Eowan on behalf of  
7 CRRC.

8 COMMITTEE MEMBER CHESBRO: He's going to go, "Hey,  
9 I signed that letter too. Why is everyone talking" --

10 MR. EOWAN: No, I didn't sign that letter.

11 No, I did. I did.

12 COMMITTEE MEMBER CHESBRO: Your name was on it.

13 MR. EOWAN: I know it was. He called me at 5:30  
14 and told me my name was on it.

15 And we, at CRRC, have not taken a position on  
16 this, even though we did send you this letter. I just  
17 want you to know that in advance.

18 But you have raised the issues. It's kind of a,  
19 you know, chicken-and-an-egg situation. What do we really  
20 need to know, when do we need to know it, what do we know  
21 now? And it just seems to me that from the information  
22 that you just put up there on the screen, that there's a  
23 lot of information on commercial recycling right now and  
24 what's in the commercial waste stream and so forth.

25 And I'm just wondering what are we trying to

1 accomplish with this? If you have a fairly solid amount  
2 of information now on what's in the commercial waste  
3 stream that's being disposed, why aren't we focusing more,  
4 then, on the greenhouse gas issues related to that, and  
5 less on trying to again determine sector by sector,  
6 business by business, what that waste stream is?

7 I'm just a little unclear why we're focusing more  
8 on that characterization side and less on a greenhouse gas  
9 side.

10 I know Howard probably has a really good answer  
11 for that.

12 PROGRAM DIRECTOR LEVENSON: And my answer is to  
13 turn to Brenda who has a really good answer.

14 (Laughter.)

15 MR. EOWAN: Before you say that Brenda, that's  
16 kind of our overarching issue, is that we're really glad  
17 that you're bringing it forward. We're really glad that  
18 recycling is raising its greenhouse gas head and saying,  
19 we have an important contribution to make to greenhouse  
20 gas reduction. That's important.

21 But where do we go with that in terms of work to  
22 do that needs to be done, that's going to further this  
23 along? And I'm not sure another two-year waste  
24 characterization study on commercial waste streams is  
25 going to get you there. I think there's other things you

1 can do with 350,000 that will add more to that whole  
2 protocol issue, and what everybody else is doing, a lot  
3 more quickly really than that -- than the waste  
4 characterization.

5 So that's kind of our primary point.

6 DIVISION CHIEF SMYTH: And George is right. We do  
7 have data on some specific characterization, what's coming  
8 from the commercial stream, so we can look at that. But  
9 what this does is it drills down to specific businesses  
10 and specific jurisdictions that have recycling programs on  
11 the table that could then go gather those GHG, shall we  
12 call it, commodities out of the disposal stream and get  
13 them into the recycling.

14 So it gives us a much better opportunity to fill  
15 out our templates. Otherwise, we are kind of potshotting,  
16 grabbing in the dark. And when we say, well, this is a  
17 business sector we want to focus on and this is the  
18 commodity we want them to recycle, we have justification  
19 for saying that.

20 PROGRAM DIRECTOR LEVENSON: I would just like to  
21 point out or reiterate one thing that I mentioned early  
22 on, which is, this is dedicated waste characterization  
23 money. There were a number of ideas on the table from  
24 staff about how to spend this money, including looking  
25 more at agricultural plastics and other issues.

1           And it was our judgment that what we really needed  
2   to spend this money on was bolstering our efforts in  
3   commercial recycling. So while I understand the  
4   frustrations of time and not having the information, I do  
5   want to reiterate that this is all part of the effort to  
6   try and get a better handle on commercial recycling so we  
7   can support -- or get ARB supporting the scoping plan and  
8   adoption of protocols that will effectuate more commercial  
9   recycling.

10           There, perhaps, are other things we could do.  
11   Perhaps we need to put some money into protocol  
12   development. But I think that's something that we should  
13   be discussing with CCAR, the Climate Exchange, and other  
14   entities before we just jump into putting a task into this  
15   particular scope of work.

16           So I understand George and Evan's points, but I  
17   respectfully disagree with them. I think that we are on  
18   the right track for getting that information.

19           COMMITTEE MEMBER BROWN: George?

20           MR. EOWAN: I guess my only final question would  
21   be, what do you end up? Do you ultimately end up with a  
22   new waste characterization study on specific business  
23   sectors? And then two years later, two years from today,  
24   then you start doing --

25           BOARD MEMBER DANZINGER: Let me interject.

1           This is part of, I guess, the question I was  
2 asking earlier because you had it in the presentation that  
3 there was going to be a determination of increased  
4 recycling and reduced greenhouse gas emissions from the  
5 potentially and easily divertable commercial waste out  
6 there. And I was trying to get my arms around what does  
7 that actually mean? What does that represent in terms of  
8 a step beyond more of the waste characterization-type  
9 information we've seen in the past or just updated  
10 information on the commercial sector activities? What  
11 does it represent in terms of moving the ball down the  
12 field, because I'm still trying to get an idea whether I'm  
13 satisfied with this or dissatisfied with it in terms of  
14 how far does it move us down.

15           And the other thing about the -- and I am probably  
16 speaking out of school here because I have not been  
17 involved in the team stuff that you have and you have on  
18 CCAR and all this. But it seems to me that what we want  
19 to put on a fast track is us becoming the experts  
20 ourselves. I don't need another agency like ARB for us to  
21 become an expert on what sensible waste handling  
22 practices, how those equate to greenhouse gas emissions,  
23 and thus giving us more powerful rhetorical tools as well  
24 as quantitative tools to go out there and say, "It's not  
25 just, you know, we should do this. If we don't do this,

1 here's the damage. Here are the consequences of not  
2 fulfilling the easily and potentially divertable stuff out  
3 there," particularly in the commercial sector where we  
4 already know that's where the game is right now.

5 So I'm just trying to -- yeah, back to your point,  
6 George, about what do we get at the end of this? And what  
7 does it represent in terms of a step beyond what we have  
8 gotten before from waste characterization studies.

9 COMMITTEE MEMBER BROWN: I am going to let you  
10 guys answer that.

11 BOARD MEMBER DANZINGER: You addressed that so I'm  
12 just trying to get it clear in my mind what that  
13 represents.

14 DIVISION CHIEF SMYTH: I'm going to try one  
15 example. And Nancy and all the experts here can correct  
16 me if I get off, on track here.

17 But we know, for instance, how much cardboard is  
18 in the disposed stream. It's a lot. It has a great  
19 greenhouse gas reduction potential. It shouldn't be in  
20 the disposal stream. We know how much is commercially  
21 disposed.

22 Now, we have some SIC codes, but do with in our  
23 commercial recycling say, okay "All these box stores, you  
24 need to be recycling, commercially recycling, your  
25 cardboard. It's a big bang for the buck, so forth and so

1 on."

2 Now, this is where we start having a disconnect  
3 and a breakdown. The big box stores probably are  
4 recycling their cardboard right now. So we need to make  
5 the connection on that greenhouse commodity that's in the  
6 waste stream with the business sector. This project will  
7 do that.

8 The other thing we need to do --

9 COMMITTEE MEMBER CHESBRO: Can I just make sure I  
10 understand. You just said that we need to identify where  
11 the unrecycled cardboard is?

12 COMMITTEE MEMBER BROWN: Where it's coming from.

13 COMMITTEE MEMBER CHESBRO: Where it's coming from.

14 DIVISION CHIEF SMYTH: Right. And so we need to  
15 make the connection between the commodity that's in the  
16 disposal stream, and I'm using cardboard as an example,  
17 and the specific business sectors that are generating it  
18 and disposing it and the jurisdictions they are in and  
19 what are the recycling programs and the capability of  
20 those specific business sectors then turning around and  
21 actually getting it diverted?

22 So there's a lot of connections that we would like  
23 to make, rather than just assuming that. Otherwise, right  
24 now, there's a lot of assumptions that staff could make  
25 and then we could propose some programs in commercial

1 recycling that may or may not have the potential of  
2 hitting the ground running with a success or not. So  
3 we're just trying to bolster the success.

4 COMMITTEE MEMBER CHESBRO: So how does that  
5 information then become a building block to help us get to  
6 the GHG protocols, the greenhouse gas protocols?

7 DIVISION CHIEF SMYTH: The GHG protocols are going  
8 to have to look at a systemwide approach. And actually,  
9 it lets us get our arms around, one, that we've been able  
10 to quantify it all the way through the system. And the  
11 biggest problem with the protocol is just being able to  
12 modify and to track the materials and to figure out who  
13 gets credit for what, because you have got the consumer  
14 who puts it out for recycling.

15 Do they get credit, or is it the hauler that picks  
16 it up? Do they get credit for picking it up, or is it  
17 when it gets bailed or shipped off? Or is it the recycler  
18 who then picks it up and reduces their energy because it's  
19 now into the recycling chain?

20 COMMITTEE MEMBER CHESBRO: But how does that study  
21 get us to that point of figuring that out?

22 BOARD MEMBER DANZINGER: Yeah. Do we need to do  
23 this first? Can you do a protocol-related thing  
24 concurrently with this? Because you know what, I'm not  
25 going to argue that the information from this particular

1    thing is useless.  It's probably a lot of good information  
2    that would come from it.  We have from previous studies,  
3    and if it can go beyond just an update of the last  
4    commercial focus on waste characterization, is there --  
5    can we work the other track concurrently?  I don't know.  
6    Is there a lot of ground work that you do for protocol  
7    development that doesn't rely on the information that  
8    would come from this.

9            COMMITTEE MEMBER BROWN:  We are working them  
10   concurrently.  I think we've talked about that.  We have  
11   to do -- we're doing protocol templates this spring that  
12   are due to the ARB.  That is what you said earlier;  
13   correct?

14           BOARD MEMBER DANZINGER:  Okay.  Okay.

15           COMMITTEE MEMBER BROWN:  So we are doing all of  
16   these things concurrently.  And my understanding that the  
17   information that we get from this is going to solidify or  
18   confirm the information that we are putting in these time  
19   tables this spring.

20           PROGRAM DIRECTOR LEVENSON:  Four weeks from now.

21           COMMITTEE MEMBER BROWN:  Right.  So we are  
22   concurrently doing work with the ARB and CCAR on these  
23   protocol timetables.  And this waste characterization  
24   study due next spring-ish, summer, will confirm and  
25   finalize and quantify all the information that we are

1 speculating on now with the data that we have on all of  
2 our previous waste characterization. Is that --

3 PROGRAM DIRECTOR LEVENSON: That's correct. And  
4 we are going to keep on working on development of the  
5 protocols. And still, the implementation of those  
6 protocols and who gets the credit will depend on this kind  
7 of data in terms of where is the biggest bang for the  
8 buck, who gets the credit, who's actually got room for  
9 recycling in achieving greenhouse gas emissions. So it is  
10 all going on concurrently.

11 BOARD MEMBER DANZINGER: So this study informs  
12 that process in a way that existing waste characterization  
13 info cannot? Is that what we're saying?

14 COMMITTEE MEMBER BROWN: That's what Brenda says.

15 BOARD MEMBER DANZINGER: Is that what you are  
16 saying Brenda?

17 (No verbal response.)

18 BOARD MEMBER DANZINGER: Okay.

19 COMMITTEE MEMBER BROWN: I do have a stable of  
20 people that are chomping at the bit in the back of the  
21 room to participate in this discussion. So let's move  
22 through the speakers. I know we still have questions on  
23 this.

24 The next speaker is George Larson, followed by  
25 Larry Sweetser.

1 MR. LARSON: Thank you, Madam Chair and Members.

2 George Larson on behalf of Waste Management.

3 I'm here to express Waste Management's strong  
4 support for the proposal as crafted by staff and I'm going  
5 to kind of reorder my comments here. I was going to talk  
6 about AB 32 later in my discussion, but we're still -- we  
7 and the local area are providing services, at least in the  
8 Sacramento area and statewide, are still dealing with AB  
9 939. And our problems with 939 have been that there  
10 hasn't been enough tolls at the local level to achieve the  
11 kind of diversion in the commercial sector that we would  
12 like to and certainly our client jurisdiction expect of  
13 us.

14 So I see -- in Sacramento again, having worked  
15 closely with the Solid Waste Authority here as adopted a  
16 commercial recycling ordinance which was, in fact,  
17 supported in testimony by your staff, and we certainly  
18 appreciate that.

19 However, there's real need for data because now  
20 there are ordinances going on the books. There's even  
21 discussions of statewide legislation. I think there's  
22 some guidance from this Board necessary that is valuable,  
23 provides valuable data to local governments and for  
24 private sector contractors working for local governments  
25 to know what to go out to and reach with these smaller

1 companies. It was mentioned, the large companies, the  
2 HPs, are already doing that.

3 The ordinances look at four cubic yards or more.  
4 Now, if you get into some pretty small companies, when  
5 there are 40,000 businesses in the Sacramento region, to  
6 approach them effectively and know on their waste stream  
7 composition and how to focus a program to elicit and take  
8 out the most materials.

9 So we don't view it as a study. I think it's  
10 valuable data that has direct application. I would agree  
11 that if data were available a little bit more quickly, it  
12 could be implemented and utilized a little better --  
13 quicker. So I would support that.

14 I want to mention too that following all of these  
15 commercial recycling ordinances are companion C&D  
16 ordinances. The reason I bring that up is, as you deal  
17 with inerts, for example, it's a fairly, if you will,  
18 clean stream that you can quantify and classify. When you  
19 get into the mixed C&D, you run into a lot of commercial  
20 waste that is not coming out of the business, for example.  
21 I only raised that, that you might consider, as for an  
22 accountability purpose, and I'm going back to AB 939, that  
23 material is going to start coming out of the waste stream  
24 too from the C&D ordinances. And I think they complement  
25 the commercial ordinances. So please take a look at that.

1           I think Mr. Levenson addressed the greenhouse gas  
2   and the integration of this data into this bigger  
3   overarching study adequately.

4           And we support his testimony and staff's  
5   recommendation in the report.

6           Thank you.

7           COMMITTEE MEMBER BROWN: Thank you, George.

8           Larry Sweetser.

9           MR. SWEETSER: Good morning, Board Members. Larry  
10   Sweetser on behalf of the Rural Counties, Environmental  
11   Services Joint Powers Authority.

12           I do appreciate staff's efforts on these waste  
13   characterizations. I've had a number of conversations  
14   with Howard and Nancy on characterizations in general, not  
15   this particular topic. And don't worry, Howard, I'm not  
16   going to request that you do a sampling in the rural  
17   areas.

18           But it does bring up some worries that we have  
19   when studies are done and they extrapolate over the entire  
20   state. And particularly when those studies are used in  
21   policy developments. So there's a lot of different areas.  
22   In the rural areas, we have a number of issues --  
23   economics, transportation issues. Even a bale of  
24   cardboard, transporting that to market, may not be worth  
25   offsetting the greenhouses gases and just burying it. We

1 do want to do as much recycling as we can. But there is  
2 that factor to consider.

3 Organics is another one, which I'm sure will be  
4 targeted on this. I can't prove it. I'm trying to. But  
5 I'm firmly convinced that in the rural areas, we don't  
6 have as many yards; we don't have as much green gas. We  
7 have a lot more brush and shrubs, which probably does not  
8 have as much greenhouse gas offsets as a lot of green  
9 waste and yard waste in the landfill.

10 So what we're just requesting is that as you go  
11 about the study and contract it, there be some discussion  
12 of those rural factors in there. Doesn't have to be  
13 lengthy, but just some recognition of these issues.

14 As Mr. Chesbro said, the greenhouse gas train is  
15 leaving. We just don't want to get run over or thrown  
16 off.

17 So thank you.

18 COMMITTEE MEMBER BROWN: John Cupps.

19 MR. CUPPS: Good morning, Madam Chair, Members of  
20 the committee.

21 My name is John Cupps. I'm an independent  
22 consultant. I just had an observation or suggestion, that  
23 I believe that there are a lot of jurisdictions that are  
24 already examining potential avenues of enhancing their  
25 commercial recycling. And there's a lot of people looking

1 at ordinances in that area. And we recognize that it is  
2 going to take time to develop these protocols. But it  
3 seems to me that something that would be very important  
4 could actually, to some extent, incentivize jurisdictions  
5 to move forward before those protocols are developed. If  
6 there were a way to get some clarity on the issue of  
7 getting credit, if you will, for early action.

8 In other words, if a jurisdiction moves forward  
9 now to implement, just as an example, a recycling  
10 ordinance that results in a substantial increase in  
11 commercial recycling, if there's a way to get some clarity  
12 on the issue of what circumstances would that jurisdiction  
13 be able to eventually get credit for that activity that  
14 they took now as opposed to waiting for the development of  
15 those protocols. I think that's a very, potentially very,  
16 critical issue that needs to be addressed as you go  
17 forward with these discussions with CARB and CCAR on the  
18 issue of protocols.

19 Thank you.

20 COMMITTEE MEMBER BROWN: I think that that was  
21 discussed. There was an according of companies and  
22 jurisdictions early on to join the Climate Action  
23 Registry. And they were given the indication that those  
24 who joined and quantified their baselines early on would  
25 be given consideration as the protocols were being

1 developed; is that right?

2 PROGRAM DIRECTOR LEVENSON: I believe that's  
3 correct.

4 COMMITTEE MEMBER BROWN: We don't have authority  
5 to do any of that, John. That is done at CCAR and through  
6 the ARB.

7 PROGRAM DIRECTOR LEVENSON: That's exactly right,  
8 Madam Chair. And this is overlayed by the policy issue  
9 of, you know, what things are mandated and required and  
10 then do they count or not count. And those are decisions  
11 that are to be made by the ARB in conjunction with a lot  
12 of folks, but later on.

13 COMMITTEE MEMBER BROWN: I think the early  
14 discussion was what is the incentive, or is there a  
15 benefit for jurisdictions and companies doing business in  
16 California to join the Climate Action Registry early on.  
17 And when it transferred over from CEC to ARB, there was  
18 discussion at one of the CAT meetings, relative to it  
19 being a benefit or there would be benefit to those  
20 companies to join early and to quantify their GHG  
21 baselines and how all those protocols are being developed,  
22 and that would be taken into consideration or at least  
23 part of the discussion.

24 So anyway, Member Mulé?

25 BOARD MEMBER MULÉ: Thank you, Madam Chair. And

1 Gary, sorry you can't be here, but please chime in,  
2 because I just want to make a couple comments and a  
3 suggestion. I have met with staff on this issue because I  
4 do have some concerns with the scope of work as it's  
5 currently laid out for us.

6 Personally, I feel that we've got quite a bit of  
7 data already on commercial entities via our waste  
8 characterization studies. And in trying to gain a better  
9 understanding of what staff hopes to get out of this, I  
10 think that perhaps maybe what we should be looking at is  
11 looking at the material -- quantifying the greenhouse  
12 gases by material type and not necessarily business  
13 sector. Because we in the business already have a pretty  
14 darn good idea of what's being generated by business  
15 sector.

16 For example, we know that, you know, there's a lot  
17 of cardboard generated at hotels and as well as food  
18 waste. I mean, we know what those breakdowns are. The  
19 industry generally knows this information. It's not a big  
20 secret. And I'm sure they would be happy to share that.

21 The other thing is, is that when I talk to staff  
22 about looking at the -- selecting the various  
23 jurisdictions, I caution them that the businesses are all  
24 over the place with recycling whether or not they have a  
25 commercial recycling ordinance in place. Again, those of

1 us in the business know that the big boxes and the larger  
2 businesses are recycling and they have been for years,  
3 even before 939.

4 Where we're having trouble is with the smaller  
5 businesses, the mom-and-pops, that it's difficult if not  
6 more expensive for them to site -- to put another bin out  
7 there for recyclables. So it's going to be all over the  
8 board. It's like, I can almost give you the answers to  
9 some of this because even if a city has a commercial  
10 recycling ordinance, there's no magic bullet in any one  
11 city that says, you know, all our businesses are  
12 recycling. You're going to find that in every  
13 jurisdiction that there's going to be variation as to  
14 who's recycling and who's not.

15 And so again, I think really what we should be  
16 focusing on is the material types and looking at -- and  
17 trying to get those greenhouse gas measurements by  
18 material type, whether it's cardboard. We already have it  
19 for the bottles and cans, as evidenced by the report that  
20 Evan shared with us, from VOC. We're working on organics.  
21 And really where we need that information is on the  
22 fibers, the paper portion of it, to look at that.

23 So I'm just -- I guess for me too, it's -- I'm  
24 still trying to understand -- get a better understanding  
25 of how does this really -- how does this particular waste

1 characterization study move us forward in the whole  
2 protocol? It's what Jeff was asking; it's what Board  
3 Member Chesbro was asking as well. So I'm just having  
4 trouble with this particular scope of work and how it's  
5 currently written.

6 I'm not saying that we shouldn't expend the monies  
7 and we shouldn't do something. But again, I think there's  
8 a better way to do this. So that's my comment and my  
9 question -- my suggestion to our staff.

10 COMMITTEE MEMBER BROWN: Let me ask a question  
11 that I just -- what came to my mind when Rosalie raised  
12 the question. And I'm going to let you talk about  
13 focusing in on material types versus specific businesses.  
14 But I think we generally know and the industry knows what  
15 is in the waste stream. But what we know and what we can  
16 use to develop a specific protocol may be different.

17 I mean, do we have the specific numbers in a study  
18 to point to, to say that this is -- because we can't just  
19 say, "We know there's cardboard and we know that there's  
20 paper" without saying, and this is the, you know,  
21 specific. And that's what I'm worried about. You know,  
22 is this --

23 BOARD MEMBER MULÉ: Just survey the haulers.  
24 There's -- again -- that's what I'm saying. I'm not  
25 saying -- I think there's other ways that we can get the

1 information and we can get it more quickly and more  
2 accurately.

3 COMMITTEE MEMBER BROWN: But is it scientific to  
4 just do a survey? We don't have a specific number of -- I  
5 mean, the issue --

6 BOARD MEMBER DANZINGER: Yeah. I just want to ask  
7 you, because you are making a good point, but I had a  
8 question related to that.

9 COMMITTEE MEMBER BROWN: But I think the thing is,  
10 when we're looking at providing information on a  
11 scientific -- we need to provide scientific or  
12 data-generated information in order to develop protocols  
13 for carbon trading or whatever the future is. I don't  
14 think we can do it on a survey, because we may not get a  
15 hundred percent response, or it may be anecdotal or, you  
16 know, Larry may send in a majority of the survey  
17 responses. We really can't necessarily scientifically say  
18 that this is generated data.

19 BOARD MEMBER MULÉ: But I don't think the scope of  
20 work does that either.

21 COMMITTEE MEMBER BROWN: Well, then that's a  
22 different issue. I don't think we can survey it. If the  
23 scope of work is not adequate, then we need to give staff  
24 some direct questions and things to work on between today  
25 and next week.

1           BOARD MEMBER MULÉ: And that was my suggestion,  
2 is, I'm not saying we shouldn't do something. What I'm  
3 suggesting is that we really need to sit down and think  
4 through how we can do this better. Because, again, I  
5 think there's a lot of value in doing something. But for  
6 me, this is not the way to do it. That's all I was  
7 saying.

8           BOARD MEMBER DANZINGER: You made me think -- I  
9 mean, let me ask the question that backs up a step from  
10 that. If it's a stupid question, just tell me.

11           But what is the hard data that we need to take the  
12 next step? Is it more hard data on commercial sector  
13 waste characterization, or is it just the hard data on  
14 aligning material types with greenhouse gas reduction  
15 potential? And I don't want to put words in your mouth,  
16 Rosalie, so I don't know if that's what you are asking.

17           But I agree with you, whatever next step we do and  
18 whatever we inform the protocol process with has to be  
19 hard data and it has to be scientific. I'm just curious,  
20 what is that hard data we need? Is it waste  
21 characterization data, or is it just moving beyond that  
22 step and knowing -- I mean, we pretty much know the six or  
23 eight material types that are very ubiquitous in the  
24 commercial sector, and that a lot of it's not being -- so  
25 can we just leap to that next step of, okay, let's take

1 those material types. And let's say the hard data we need  
2 is aligning those material types with greenhouse gas  
3 reduction potential. And that's the hard science.

4 We live with the fact that we don't have hard  
5 science on 2008 generated waste characterization on how  
6 much commercial sector is and is not. We have other data.  
7 It's a little bit more dated, but it sure as heck ain't  
8 more data than other people are using right now. So I  
9 mean, maybe that's the question. What's the hard data and  
10 hard science we need to take the next steps on the GHG  
11 side?

12 COMMITTEE MEMBER BROWN: Howard, go ahead.

13 PROGRAM DIRECTOR LEVENSON: Well, we're clearly  
14 not able to convince everyone of the need for this. But  
15 I'm going to give it another crack.

16 We do have some data on where -- what's disposed  
17 and what material types are the prevalent material types.  
18 And we can start with that. And, in fact, the scope of  
19 works does intend to start by identifying the key material  
20 types that we think would be the biggest bang for the buck  
21 in terms of greenhouse gas emissions.

22 What we need to be able to do, as Brenda said, is  
23 drill back down and say, where are those materials being  
24 generated from? Are they being generated from the big box  
25 sector, from the small mom-and-pops? Because those are

1 the kind of things that are going to underpin decisions  
2 made later on about mandates, regulatory efforts,  
3 incentive programs, and the like. We're going to have to  
4 be able to specify which areas are generating those  
5 materials that can be reduced.

6 BOARD MEMBER DANZINGER: I think we -- I mean,  
7 generally speaking, we do know. But what we don't know is  
8 specifically the numbers and what we've got from the '04  
9 and '06.

10 PROGRAM DIRECTOR LEVENSON: Those are primarily  
11 disposal-based information. There are some generator  
12 studies. But they are not really robust. And it's true,  
13 qualitatively, we know. But we don't have a quantitative  
14 handle on the systematic, standardized set of data and to  
15 collect that information and verify it.

16 Maybe what we need to do is --

17 COMMITTEE MEMBER BROWN: Gary?

18 CHAIRPERSON PETERSEN: A couple of things. One, I  
19 think that updating these studies is really important.  
20 And within the last -- I guess, two years ago, we did  
21 this. Four different parts of the waste streams were  
22 targeted on the '06 study; is that right?

23 COMMITTEE MEMBER BROWN: Nancy?

24 MS. CARR: Yes, that's correct.

25 COMMITTEE MEMBER BROWN: Yes, that's correct,

1 Gary.

2 BOARD MEMBER PEACE: Now, when you look at doing  
3 commercial recycling, and we've done a lot of it, we know  
4 where the holes are but we've never gone and analyzed what  
5 it is and how much it is.

6 When you do a high-rise building, most of the  
7 materials are being taken to landfills unless you have a  
8 waste hauler who is going to MRF that material. And a lot  
9 of that, let's say for Los Angeles, is not happening; it's  
10 all going to landfills. The idea here is, we know where  
11 the holes are. It's in the high-rise and the  
12 mom-and-pops. And that's where we need to get, I guess,  
13 the data so we can set the baseline so we can do the  
14 matrix so we can participate in GHG, gas emissions, or  
15 however we're going to quantify all of this.

16 I see where they are going here. But I do see  
17 that we're going to need to confirm this data. And I  
18 understand what you are saying, Howard, because we've got  
19 to start someplace. And targeting -- and a lot of people  
20 are paying attention. With the Green Cities Program and  
21 what they are going to ask the local jurisdictions to do,  
22 especially in the commercial recycling side, be part of  
23 the Green Cities Program. We're going to get a lot of  
24 help.

25 So my take on this is, yeah, there are some things

1 in here in general waste characterization. But we've got  
2 to target in on, on what is actually going on right now,  
3 especially in the areas on the disposal side, where we  
4 might see these loads coming from and quantifying that  
5 data. That's what I see happening here.

6 Am I wrong or right, Howard?

7 PROGRAM DIRECTOR LEVENSON: I would agree with  
8 that, Gary.

9 BOARD MEMBER PEACE: Okay.

10 COMMITTEE MEMBER BROWN: Thank you, Gary.  
11 Rosalie?

12 BOARD MEMBER MULÉ: I don't have anything to add.  
13 Again, I'm not against doing something. I just  
14 think that -- I think we need to think this through a  
15 little bit more. That's all I'm suggesting to Board and  
16 to staff, that we bring this back perhaps next month and  
17 let's tighten it up. Let's just tighten it up a little  
18 bit. That's all I'm asking.

19 COMMITTEE MEMBER BROWN: Mark? Go ahead.

20 EXECUTIVE DIRECTOR LEARY: Madam Chair, I was  
21 going to suggest, one of the values of having a committee  
22 is a first, you know, substantive discussion and bringing  
23 it back to the Board allows us some time to think through  
24 what we've heard. And I think that might be appropriate  
25 at this point.

1           COMMITTEE MEMBER BROWN: I'd rather bring it back  
2 to the Board and not next month. I think given Wes's  
3 concerns and mine over moving it forward as quickly as  
4 possible, I don't want to delay it another month, thereby  
5 delaying the RFP going out, getting the contract signed.

6           But if there's some issues that we can work out as  
7 far as focusing on the material types or, you know, in  
8 part of the scope of work that's -- let's work on that  
9 between now and next week.

10          PROGRAM DIRECTOR LEVENSON: We were just talking  
11 about that in terms of we could narrow down the material  
12 types. We could expand the numbers of the jurisdictions  
13 that we look at, lesser sample sizes. So I think we are  
14 hearing your concern.

15          And I think maybe what we could do is meet with  
16 various member offices in the next couple days and try to  
17 hone that down. I would like to bring it back next week,  
18 if we can, because the contractor process is very tight.

19          COMMITTEE MEMBER BROWN: I think we can probably,  
20 between now and then, even given all of the constraints of  
21 Monday being a holiday, maybe not till next Wednesday.  
22 That should give us adequate time to at least pose  
23 something by Tuesday morning.

24          This is official notification that updated  
25 material may not be available until Tuesday for the

1 Wednesday Board meeting, that adds to this scope of work.  
2 But let's see if we can tighten it up a little bit, focus  
3 some of our efforts on material types as well as  
4 businesses and see if we can get it done by next week.

5 CHAIRPERSON PETERSEN: Madam Chair, I would really  
6 like to talk with Howard and staff with regard to this  
7 too.

8 COMMITTEE MEMBER BROWN: Gary, you are going to  
9 have to get up here.

10 CHAIRPERSON PETERSEN: I know.

11 COMMITTEE MEMBER BROWN: I mean, you could focus  
12 and call in.

13 CHAIRPERSON PETERSEN: Okay. But I agree with  
14 Rosalie and everybody on the Board. Let's try and review  
15 this a little bit and get back to everybody next week.

16 COMMITTEE MEMBER BROWN: Okay. Great. Thank you.  
17 We'll move this to the full Board.

18 I think we do have some audience participation for  
19 the presentation by Lawrence Livermore. So I would like  
20 to do that next, if we can, and then do RMDZ.

21 But I would like to take a seven-minute break and  
22 come back at 12:20, to start the Lawrence Livermore  
23 presentation.

24 (Thereupon a break was taken in  
25 proceedings.)

1 COMMITTEE MEMBER BROWN: We're going to go ahead  
2 and do Item 13, and then we'll go back and do Item 12  
3 because we have some guests doing the presentation on  
4 that.

5 We'll call the meeting to order.

6 Victoria, do you want to call the roll?

7 EXECUTIVE ASSISTANT CARVAJAL: Brown?

8 COMMITTEE MEMBER BROWN: Here.

9 EXECUTIVE ASSISTANT CARVAJAL: Chesbro?

10 COMMITTEE MEMBER CHESBRO: Here.

11 COMMITTEE MEMBER BROWN: Chair Petersen?

12 CHAIRPERSON PETERSEN: Here.

13 COMMITTEE MEMBER BROWN: Thank you.

14 Howard, do you want to introduce Item 13, or Gary?

15 This is a Presentation and Discussion of  
16 Preliminary Recommendations from the Lawrence Livermore  
17 Contractor for Institutional and Policy Changes that  
18 optimize the Highest and Best Use of Used Oil.

19 I said that all with one sentence, in one breath.

20 PROGRAM DIRECTOR LEVENSON: That is our item. And  
21 obviously this is an item that has generated a lot of  
22 interest. The topic has been controversial. And we've  
23 asked Lawrence Livermore to come here and make a  
24 preliminary presentation on some of the findings that have  
25 come under their contract with us.

1           I'm going to turn it over to Bert Wenzel who will  
2   make a short introduction. And then we'll hear from the  
3   contractors.

4           MR. WENZEL: Good afternoon, Madam Chair and Board  
5   Members.

6           As we are aware, the collection and recycling of  
7   used oil is very important from an environmental  
8   protection standpoint.

9           However, the challenge of recycling used oil into  
10   a value-added product meeting the Board's highest and best  
11   use criteria is great. Historically, the economics of  
12   processing used oil favored the blending of oil with fuels  
13   over rerefining, contributing to the level of toxic air  
14   emissions when burned and loss of a natural resource.

15          As a result, the Board approved a contract with  
16   Lawrence Livermore National Lab to characterize  
17   California's current used oil recycling market and to  
18   assess what potential policy action could promote and  
19   increase rerefining. Although the complete report is  
20   expected in May of this year, I have pleasure to introduce  
21   Adam Love and Mackenzie Johnson, who are here today from  
22   Lawrence Livermore National Lab to present preliminary  
23   aspects of the report.

24          DR. LOVE: Thank you. My name is Adam Love and  
25   this is Mackenzie Johnson. We want to thank the Board for

1     inviting us out to provide -- give us sort of the initial  
2     introduction to our preliminary recommendations.

3             You know, we were brought into this as an  
4     independent contractor in order to try to assess the  
5     overall used oil system, and we wanted to come at this  
6     point with our recommendations being preliminary so that  
7     we can take whatever feedback from the Board as well as  
8     other concerns that may be expressed by stakeholders and  
9     try to incorporate that into our final report.

10            So what we're going to present here is sort of a  
11    very abbreviated version of what the final report will  
12    look like, that we are trying to hit all the highlights  
13    and get as much feedback as we can.

14            (Thereupon an overhead presentation was  
15    presented as follows.)

16            PROGRAM DIRECTOR LEVENSON:   There we go.

17            So this project had essentially two phases.   The  
18    initial phase, related to the recycling of used oil, was  
19    actually the idea of determining the feasibility of  
20    actually rerefining used oil through existing facilities,  
21    and was asking us to do -- outline what the technical  
22    requirements are, what nontechnical requirements and  
23    infrastructure barriers there were, and then provide an  
24    analysis of that.

25            Later on, in executing the contracts, the task was

1 revised and asked us to actually also perform a system  
2 analysis of the used oil market and evaluate potential  
3 changes that would promote the highest and best use. This  
4 included describing the used oil system which turned out  
5 to be more difficult than we initially expected,  
6 understanding what the used oil system forces are, and  
7 then provide a recommendation for what potential system  
8 changes could be implemented.

9 --o0o--

10 DR. LOVE: So here is sort of a snapshot, just so  
11 we all kind of understand when we talk about the used oil  
12 market sort of what we're dealing with. You know, these  
13 numbers, as we've learned, in trying to chase down all the  
14 used oil pots and flows, tends to be a little fuzzy around  
15 the edges, depending on whose records you check, whether  
16 they are facility records or hauler records or other  
17 records that are out there, you will get numbers that are  
18 different than the numbers you see up here on the this  
19 slide, but this slide is supposed to be sort of a  
20 representation of what we're talking about.

21 So there's approximately 270 million gallons of  
22 used oil of which 40 percent gets lost -- burnt, lost, and  
23 spilled; 43 percent of it gets collected as part of the  
24 used oil recycling program; and then 17 percent of it is  
25 unaccounted for.

1           Of the oil that's collected, most of the oil  
2 actually currently gets reused. Most of it gets reused as  
3 fuel oil. Some of it gets rerefined, and a significant  
4 fraction actually gets included as asphalt. There are  
5 waste components that end up resulting from the recycling  
6 of used oil as well as some of the oil does go out of  
7 state.

8                               --o0o--

9           DR. LOVE: When you look at the used oil  
10 collection trends in California, the used oil -- we've  
11 improved our used oil collection over the course of the  
12 last, you know, 15 or so years. Even though the volumes  
13 have increased, we've also increased the total  
14 percentages.

15           When you actually look at the numbers, we've gone  
16 from collecting 76 million gallons to 115 million gallons  
17 and increased the percentage collected by about 8 percent.

18           The Cal Poly study of 2005, when it looked at our  
19 used oil collection, said that the programs successfully  
20 met the instrumental objectives, has made good progress  
21 toward meeting the program objectives, but was not meeting  
22 the legislative goal towards resource conservation.

23                               --o0o--

24           DR. LOVE: When you look at the products that are  
25 being produced from used oil, you can see that since used

1 oil records were collected in '92, fuel oil has always  
2 been the primary reuse of used oil.

3 Asphalt has always been sort of the second tier,  
4 second most produced product. And neutral base stock has  
5 been fairly steady for the last 15 years at approximately  
6 sort of 8 to 10 percent. So the idea is that this  
7 percentage that's based off is relatively constant, and  
8 wouldn't be great if we could actually make more of that.

9 --o0o--

10 DR. LOVE: The original tasking -- we sort of went  
11 with the assumption that current rerefining capacity  
12 limits the amount of oil that can be rerefined in  
13 California. Therefore, if we can go to an alternative  
14 rerefiner, could we then create more rerefined product?  
15 And since we have oil refineries throughout the state,  
16 couldn't they execute this if we really needed them to?  
17 And so our goal was to sort of go in and evaluate how  
18 feasible is that to ask, you know, existing crude oil  
19 refiners to incorporate the used oil in the process.

20 Relatively quickly, in going and talking to  
21 stakeholders and refiners, we quickly learned that current  
22 rerefining actually wasn't primarily limited by the  
23 availability of oil, that it was primarily limited by the  
24 demand for the used oil product. It was also primarily  
25 limited by the availability of high quality used oil that

1     can be rerefined.

2             The other thing in terms of talking to refiners  
3     was that the California hazardous waste designation for  
4     used oil is a barrier for those existing facilities that  
5     want to take in used oil. Crude oil is not considered a  
6     hazardous waste, so therefore they are not a hazardous  
7     waste facility that accepts hazardous waste, and that they  
8     didn't really want to go through the trouble of becoming  
9     one for such a small amount of crude oil compared to what  
10    their regular business was.

11            And thus, existing refineries have little  
12    motivation to accept used oil, because it also -- some of  
13    the additives in used oil also have the potential to  
14    interfere with catalytic cracking, one of the processes in  
15    rerefining used oil. So there actually would have to be a  
16    substantial treatment of the used oil product before they  
17    would even be willing to consider accepting it into the  
18    full refining process.

19            So since we relatively early on concluded that the  
20    rerefining capacity was not limited by technical  
21    feasibility and that it was limited by the dynamics of the  
22    current used oil market system, we went back and asked for  
23    guidance about how to proceed.

24                                   --o0o--

25            DR. LOVE: So the revised task was about

1 optimizing highest and best use.

2           Now, this idea of highest and best use is  
3 obviously different for different folks. The guidance  
4 that we were specifically given on what does that mean,  
5 highest and best use, was about optimizing closed loop  
6 recycling, where the product that's produced from the  
7 recycling equals or exceeds the quality of the original  
8 material and that that recycling process is repeatable.

9           Now, when we talk about recycled used oil, the  
10 important thing to realize is that not all used oil can be  
11 closed looped recycled, and that recyclable oil is not a  
12 hundred percent closed loop. You don't put in one quart  
13 of used oil and get out one quart of rerefined oil.

14           The alternative is what we used to sort of  
15 separate these two things is a down cycle product. In  
16 that case, the product is a lower quality than the  
17 original material and has a finite reuse. Now, even for  
18 down cycled used oil, not all used oil can be down cycled,  
19 and that not all down cycling products are equivalent.

20           So when we talk about closed loop recycling verses  
21 down cycled products, we're talking -- the differentiation  
22 is about how repeatable the cycle of reuse is. It's not  
23 an evaluation about the quality of the product or anything  
24 along those lines.

25           COMMITTEE MEMBER CHESBRO: That's true of

1 recycling of a lot of products. You know, if they are  
2 paper fiber, you don't have a hundred percent recycled  
3 product. You need some new fiber to strengthen the  
4 product. So I mean, I think that's true of a lot of  
5 materials.

6 DR. LOVE: Absolutely right. Just trying to make  
7 sure we're all starting from the same place.

8 So I just want to emphasize this idea that the  
9 guidance that we've got, to find highest and best use of  
10 closed loop recycling. So the path that we went down in  
11 terms of optimize -- you know, coming up with a  
12 recommendation for what would optimize highest and best  
13 use was specifically about what process would optimize  
14 closed loop recycled products.

15 --o0o--

16 DR. LOVE: When we look at the different products  
17 and processes in California, in addition to the sort of  
18 asphalts, the three main products that we're talking about  
19 is rerefined base oil, marine distillate oil, and recycled  
20 fuel oil.

21 Recycled fuel oil goes through minimal treatment.  
22 It goes through a dehydration and filtration process. We  
23 characterize it as severe down cycling because it doesn't  
24 remove most of the heavy metals and sulfur, so therefore  
25 when it's burnt, those things are then rereleased into the

1 environment. So of those three products that we're  
2 talking about here, it's the least desirable in terms of  
3 environmental impact.

4 Marine distillate oil goes through an additional  
5 step of distillation. It's also a down cycled product,  
6 but it's very low in heavy metals and sulfur  
7 concentration. It has the asphalts removed through the  
8 processing.

9 And then lastly rerefined base oil goes through  
10 even one more, additional, step of hydro treatment. The  
11 recycling process for that is about 75 percent closed  
12 looped and has generally the lowest heavy metal and sulfur  
13 concentration. It also has the asphalts removed.

14 When you are comparing the environmental impact of  
15 the rerefined base oil to the marine distillate oil, they  
16 are really, really close. And so in terms of the  
17 environmental impact of the emissions, they are really,  
18 really close. So there is definitely folks who feel that  
19 marine distillate oil would also be a highest and best use  
20 product. The one thing that distinguishes the two is the  
21 ability to be re-recycled in a closed loop manner.

22 And when you compare the rerefined base lube oil  
23 both in energy and resource conservation with virgin  
24 products, three different studies have shown to be a  
25 favorable energy and resource product compared to the

1 virgin product.

2 COMMITTEE MEMBER CHESBRO: So when you hear about  
3 marine use of bunker oil, is that the same thing? Fuel?

4 DR. LOVE: So bunker fuel typically is more of the  
5 recycled fuel oil versus the marine distillate oil, which  
6 is a much higher -- much more processed product. It has a  
7 much lower environmental impact.

8 COMMITTEE MEMBER CHESBRO: Okay. You answered the  
9 question I should have asked, which is where does bunker  
10 fuel fall under the definitions here.

11 DR. LOVE: Yeah.

12 COMMITTEE MEMBER CHESBRO: Thank you.

13 --o0o--

14 DR. LOVE: When we look at the two sources for  
15 used oil, we can generally separate them out into  
16 automotive oils and industrial oils. Automotive oils are  
17 generally cleaner than industrial oils. The heavy metals  
18 in them are generally from additive packages that are  
19 looking to prevent engine wear. And these products can  
20 often be closed loop recycled as long as they haven't been  
21 contaminated.

22 Looking at industrial oils, used oils generally  
23 when they are used are dirtier than the automotive oils  
24 that are recovered. They are sometimes contaminated with  
25 heavy metals, solvents, and sediments from the industrial

1 machinery use, and are very difficult to closed loop  
2 recycle.

3 In the process of collection of these two sources,  
4 they are oftentimes mixed either upon hauling or upon  
5 receipt at a facility where they are put into large tanks.  
6 And therefore, if you mix these two things together, you  
7 have reduced the value of the used automotive oil for  
8 rerefining because it has industrial oil in it that can't  
9 be rerefined. So you are limited in what you can do with  
10 that product.

11 --o0o--

12 DR. LOVE: So when you look at the overall lube  
13 oil system, at the top, you talk about lubricating oil  
14 sales that generally go to either automotive or  
15 industrial. Of that -- again on the automotive side, we  
16 have about 58 percent that's collected; 33 percent that's  
17 lost, burnt, or spilled; and about 10 percent that ends up  
18 being unaccounted for.

19 On the industrial side they collected is much,  
20 much lower at about 23, 24 percent; a significant portion  
21 is burnt, lost, or spilled. And the unaccounted for  
22 fraction is still about 27 percent.

23 Those oils are collected and brought to different  
24 facilities for recycling, which like I had said earlier,  
25 about 8 or 9 percent is rerefined; about 41 percent ends

1 up turning into one of the two types of fuel oils; and  
2 about 45 percent ends up being a waste product as well as  
3 a fraction that ends up going out of state.

4 In this system, other than the consumer, there's  
5 essentially what we would categorize as four different  
6 types of stakeholders: There are the generators, which  
7 include the automotive and industrial folks using the oil;  
8 the collector is where the oil ends up gathering; the  
9 haulers that go and pick up the oil and deliver it to the  
10 facilities; and then the recycling facilities themselves.

11 --o0o--

12 DR. LOVE: The current used oil recycling  
13 incentive is a 16 gallon -- 16-cents-per-gallon fee that's  
14 collected on oil sales. Up there, it says tax levied. I  
15 know there's sensitivities with that. It's actually a fee  
16 levied.

17 So the 16-cents-per-gallon incentive is for the  
18 collection center. We did a number of surveys of actual  
19 certified collection centers. Almost universally, they  
20 said that the incentive action wasn't large enough for it  
21 to really impact their business. We know from both the  
22 San Francisco State study and the Cal Poly study that most  
23 do-it-yourselfers don't get the money, and it doesn't  
24 really motivate them to actually deliver their stuff  
25 through a certified collection center. And the 16 cents

1 doesn't cover the cost of hauling either. So this is, for  
2 the collection center, sort of in the noise of their  
3 business.

4           This incentive -- the intention of this incentive  
5 which is now, you know, 15 years old, was focused on  
6 improving collection from generators and has nothing to do  
7 with closed loop recycling. Our collection -- our ability  
8 to collect used oil has somewhat plateaued. You know,  
9 we've done very well. We've met all the objectives. And  
10 the question is, for us, was to look at that and say, it's  
11 not -- you know, it's already met its objectives. Is it  
12 really continuing to serve the purpose that it was  
13 intended. And from all of our stakeholder interviews, it  
14 clearly doesn't impact anybody that's associated with the  
15 collection of the used oil.

16                               --o0o--

17           DR. LOVE: So there are numerous ways to actually  
18 affect this sort of system in terms of encouraging  
19 recycling to base lube oil. One of the things that we'll  
20 talk about in a little bit of detail is that is critical  
21 in the process is maintaining source segregation, that you  
22 have to be able to keep the automotive and the industrial  
23 oils separate.

24           Encouraging the haulers. The haulers also have to  
25 be committed to maintaining source segregation. And they

1 also have to be committed to bringing the highest quality  
2 used oil that can be rerefined to a facility that's able  
3 to rerefine it back to base loop oil.

4 Another way is actually to approach it from the  
5 other side and create a product demand, that if this  
6 product is being demanded, then industry will step up and  
7 meet that demand by creating more rerefined product.

8 And then lastly is incentivizing the process. One  
9 way to do it is to say, listen, we're going to give you a  
10 competitive advantage by giving you monies associated with  
11 a process that allows you to create more rerefined  
12 product.

13 --o0o--

14 DR. LOVE: The first two options are essentially  
15 about increasing the quality of the used oil, both  
16 maintaining source segregation and encouraging the hauler.

17 When we talk about maintaining source segregation,  
18 the real advantages of that will increase the volume of  
19 rerefinable used oil by keeping the industrial oil from  
20 contaminating the automotive oil. This would have to be  
21 implemented as some sort of mandated practice. But we  
22 know in terms of a business model that industry, you know,  
23 currently does this already, keeping industrial oil  
24 separate from automotive oil and that it works, that it  
25 allows the rerefined product to get rerefined, and it

1 allows the industrial oil to be used for a different  
2 purpose.

3 Now, doing this requires keeping the source  
4 streams separate. It means one truck can't necessarily  
5 pick up the load all down sort of the same street. So it  
6 may lead to higher transportation and storage costs, which  
7 there may be some resistance to by folks who are impacted  
8 by that.

9 When we talk about encouraging the hauler, what we  
10 want to do is actually provide a reward for haulers who  
11 maintain the source segregation. As part of their  
12 business, it's cheaper for them to just collect oil along  
13 a single path. So we want to make sure that they have an  
14 incentive to actually only collect automotive oil on one  
15 run, which that can be rerefined, and collect industrial  
16 oil on a different run, and therefore maintains the source  
17 segregation in transit.

18 By providing them with an encouragement of some  
19 sort of incentive, it can also be used to subsidize the  
20 associated increase in their hauling costs because they  
21 now have to drive further since they can't do it all  
22 necessarily in one run.

23 The way of implementing this may be to shift the  
24 incentive from the collection center to the hauler. In  
25 terms of their business model, when you look at the --

1 their associated costs with hauling, you know, 16 cents  
2 per gallon is actually a significant amount of money in  
3 the hauling business where it's not necessarily for most  
4 of the collection centers.

5 And so this would -- the other way is to subsidize  
6 hauling costs, sort of more directly. So that would then  
7 allow them to do what they need to do to get it to the  
8 appropriate collection -- reprocessing center.

9 So in terms of having an incentive program, you  
10 know, the precedent for that is actually the way the  
11 current collection incentive program works. It's just  
12 changing it from the collection center to the hauling  
13 center and working out the details of how you document the  
14 fact that the haulers are taking it to a facility where it  
15 can be certified that it has been rerefined.

16 Obviously, all of this, in terms of the additional  
17 paperwork and the additional runs, will lead to higher  
18 operational costs.

19 --o0o--

20 DR. LOVE: The other two options essentially are  
21 about encouraging recycling to base lube oil, either  
22 through creating product demand or incentivizing the  
23 process.

24 --o0o--

25 DR. LOVE: When we talk about creating product

1 demand, we're really talking about promoting rerefined  
2 with market drivers, you know, rather than providing a  
3 specific monetary subsidy by creating a demand and letting  
4 the market respond appropriately to the increased product  
5 demand.

6 Now, how do you create product demand? You can  
7 create a mandatory recycling content so that, you know,  
8 automotive oil that's sold in California must have a  
9 certain percentage in order for it to be sold. You can  
10 mandate use or you can do it sort of a tiered rebate as a  
11 proportion of the recycled content. So therefore the  
12 product that's produced, if it contains 10 percent, gets  
13 more than a product that contains 5 percent, more than a  
14 product that doesn't have any.

15 There are precedents in terms of Italy mandates  
16 recycled content in their automotive oil. And both the  
17 state of California and the U.S. federal government  
18 mandate the use of automotive oil that has recycled oil  
19 content. So these things are not for either in terms  
20 of --

21 COMMITTEE MEMBER CHESBRO: You mean the fleets?

22 DR. LOVE: The fleets. Exactly right. You can do  
23 whatever you want with your own car.

24 In terms of market considerations, obviously these  
25 things add costs. And so it may be that, you know, doing

1 it through creating product demand places the cost burden  
2 on the market which ultimately, of course, will trickle  
3 down to the consumer. And then some of these options can  
4 be complex in terms of how you sort of implement this sort  
5 of rebate product for tiered things. So different  
6 considerations on the creating product demand side.

7 In terms of incentivizing a process, instead of  
8 promoting a product, you would be promoting a process that  
9 promotes rerefining by subsidizing the costs. You  
10 implement that essentially through a straight subsidy that  
11 leads to the highest and best use. And there's precedent  
12 for that; in Australia, it actually has a subsidized cost  
13 for different processes. They actually use a tiered  
14 process so that rerefined oil gets the highest subsidy;  
15 marine diesel gets a lower subsidy; and then essentially  
16 minimally processed fuel oil doesn't get any subsidy.

17 Again, in terms of market considerations, you  
18 know, any subsidy ends up being a burden of the fee or,  
19 you know, that was collected, and that -- one of the other  
20 considerations also entered, industry dependence on the  
21 subsidy in order to make it a viable business.

22 --o0o--

23 DR. LOVE: So we've spent an enormous amount of  
24 time interacting with stakeholders all over from  
25 California, from all the different levels of stakeholder,

1 as well as participating in a national conference with  
2 National Oil Recyclers, where we discussed some of these  
3 options and listened to their concerns.

4           The main concerns from folks associated with  
5 collecting and storage has to do that maintaining the  
6 sorting could add costs, because then you actually have to  
7 have separate, you know, tanks. You have to be able to  
8 test for what -- which of the automotive oil can be  
9 rerefined versus can't be rerefined. They also didn't  
10 like the idea of changing the current incentive program,  
11 that the certified collection centers, even though it's  
12 not a significant part of their business, they didn't  
13 really want to give the money up either.

14           Most of them have -- most of them have -- you  
15 know, the do-it-yourself oil places, the collection of  
16 used oil from the general public is just a pain in the  
17 neck for them. And they would say, "Well, if you don't  
18 give me the subsidy, there's no real incentive for me to  
19 have to deal with them whereas the other collection  
20 centers that are associated with automotive supply and  
21 pick-and-part places, they see that as actually a thing  
22 that draws business in. And so they are actually  
23 more like -- they were less opposed to the idea of  
24 changing the incentive process.

25           But those are the kind of things that need to be

1 addressed in terms of, you know, how the money trickles  
2 down, that if their oil gets taken to a place where the  
3 oil is fully rerefined, that the money trickles back to  
4 them even for the do-it-yourself places. And we'll talk  
5 briefly about that in another slide or two.

6           For the haulers, of course, you know, we actually  
7 do end up putting, you know, in terms of looking at the  
8 system, the haulers really could end up getting a  
9 significant increase in burden, both in terms of paperwork  
10 and logistics and hauling costs, because they are the ones  
11 that are actually having to keep all these source streams  
12 separated, having to deal now with, you know, working  
13 through -- you know, getting their product certified  
14 through the, you know, recycling centers that do  
15 rerefining. So, you know, for them, it sounds like a lot  
16 more work.

17           And then, lastly, for the actual recycling  
18 facilities, most of them are really happy with keeping the  
19 market just where it is, that the current business models  
20 are attuned to the current system dynamics and they don't  
21 really want their business fussed with. They also are  
22 concerned about the increased hauling costs.

23           Depending on who you talk to, there are folks who  
24 are concerned about favoring a specific technology in  
25 order to create a base lube oil, and that by the idea of

1 necessarily incentivizing a process, then excludes  
2 innovation. So that if there's another process that can  
3 occur, that can actually create a product of equivalent  
4 quality. If you favor a technology, you sort of squash  
5 the ability for industry to innovate.

6           And then lastly, and this is sort of coming back  
7 to the beginning about fully recycled oil being the  
8 highest and best use, a number of folks are concerned that  
9 when you actually look at the system as a whole and  
10 include a relatively low environmental impact product of  
11 marine diesel, that if you optimize just for rerefined  
12 oil, rerefined base lube oil, you don't necessarily  
13 optimize for the highest and best production for the  
14 entire used oil system, that if you are just taking oil  
15 that would be used for marine diesel and rerefining it and  
16 now you are getting less marine diesel produced, then you  
17 may end up having a larger environmental impact, a worse  
18 environmental impact, if more of the oil ends up becoming  
19 bunker fuel instead.

20           And so these sorts of dynamics are definitely  
21 something folks are concerned with in terms of there are  
22 sort of unintended consequences.

23           COMMITTEE MEMBER CHESBRO: So that argument is  
24 that if you take the case oil vehicles out, then less of  
25 the oil is going to be -- that is currently being refined

1 for refined maritime use or whatever it is, is going to  
2 occur?

3 DR. LOVE: So it's not so whole like that. So  
4 it's -- you know, right now, you know, 8, 9 percent of the  
5 oil is being rerefined. If you were to say, okay, now  
6 20 percent of it is going to be rerefined, and that  
7 additional percentage comes from the marine diesel oil,  
8 but now the folks that are making the marine diesel are  
9 less inclined to make marine diesel because they have a  
10 smaller fraction and it's just easier for them to process  
11 it all as bunker fuel. There's a chance that you could  
12 end up making more bunker fuel and more rerefined oil, and  
13 less marine diesel. And the net environmental impact of  
14 that would actually be worse.

15 COMMITTEE MEMBER BROWN: What are the chances of  
16 that, or is that pure speculation?

17 DR. LOVE: That's pure speculation.

18 COMMITTEE MEMBER BROWN: So we could also have  
19 more rerefined oil and the same amount of marine  
20 distillate and less bunker fuel as the case -- speculative  
21 just the same as yours; right?

22 DR. LOVE: Well, part of trying to understand this  
23 system is trying to understand how much volume there is of  
24 the different types of used oil that can be used for the  
25 different end products, that since not all oil can be

1 rerefined and not all oil can become marine distillate,  
2 the question is, are you dealing with a finite quality  
3 where you can't have more of the good stuff and less of  
4 the bad stuff?

5 COMMITTEE MEMBER BROWN: So what we really need is  
6 an analysis of the waste oil to determine how much of that  
7 can be made into rerefined oil or marine distillate as  
8 opposed to how much can be made from what we're getting.

9 DR. LOVE: And we spent quite a bit of time trying  
10 to get our hands on those numbers. We have some sort of  
11 individual ballpark numbers, but not numbers that  
12 necessarily represent the entire system.

13 COMMITTEE MEMBER BROWN: So the crystal ball is  
14 trying to figure out how much of the disposed oil can be  
15 rerefined.

16 DR. LOVE: So that's one of the more difficult  
17 things in doing this analysis, is actually accounting for  
18 the different qualities of oil and the different locations  
19 and how that all gets sorted out, because depending on the  
20 facility, they may also draw those lines in different  
21 places.

22 COMMITTEE MEMBER BROWN: Well, sure.

23 I mean, the bottom line to me in this study is  
24 figuring out how to get what's -- to continue to  
25 incentivize the re-refinement at whatever point we can,

1 but to determine what the waste oil is and how to get the  
2 waste oil that can be rerefined into their rerefining  
3 process whether it's rerefined for oil, for automotive  
4 usage, or whether it's for marine distillate. Anyhow, it  
5 doesn't get to the bottom.

6 DR. LOVE: And I guess I will preview the slide  
7 that comes after this one, that my bias is to let the  
8 market do it, that if you create the product demand,  
9 industry will figure out how to optimize it. But there's  
10 got to be something on the demand end that's sort of  
11 providing the impetus for them to really look at how much  
12 of it can be used as a higher end product.

13 So in addition to all these things about the  
14 actual stakeholders that are, you know, sort of  
15 immediately involved in the process, the other thing that  
16 you need to consider is that there's a number of  
17 externalities that affect this system but that are sort of  
18 in the peripheral of this system, the first one being  
19 California air quality regulation in that establishing new  
20 facilities is becoming more difficult. And so the ability  
21 for California to be able to expand and do more rerefining  
22 is becoming harder and of course more expensive.

23 In addition to that, EP marine emissions standards  
24 are going up. And there's a new tier being expected to be  
25 established by December 2009, that's expected to increase

1 the standards required for marine diesel, which may result  
2 in higher quality marine diesel, or it may result in less  
3 recycled oil being potentially able to be -- you know,  
4 transformed into marine diesel.

5 Also, API standards for lube oils are not a fixed  
6 thing. And so more stringent API standards requires a  
7 greater degree of processing for certified lube oil. We  
8 know that some of the rerefined oil that was occurring in  
9 California, some of the production of rerefined oil that  
10 was happening in California, stopped when the last time  
11 API increased their standards, because it required them to  
12 include a process they didn't have in their facility. So  
13 that increase in API standards actually resulted in them  
14 getting out of the rerefined oil business.

15 And then lastly, the Cal.EPA designation of used  
16 oil as a hazardous waste is a barrier in terms of allowing  
17 people to participate in the recycling process, because it  
18 takes an awful lot of work to become a facility that can  
19 accept hazardous waste.

20 And in addition to that, we have talked with some  
21 out-of-state rerefineries who claim that they are able to  
22 actually out-compete California for the best used oil  
23 sources because they don't have the costs associated with  
24 used oil being a hazardous waste, because it's not a  
25 hazardous waste in their state.

1           So the used oil system is going to be  
2 significantly impacted by the changes of forces outside  
3 the system, which makes trying to dial something in on  
4 this increasingly complex.

5                               --o0o--

6           DR. LOVE: So now that I've given all that  
7 background, our preliminary recommendations is actually  
8 combining two approaches:

9           One is to actually shift the incentive that's  
10 currently being given to the certified collection centers  
11 to the hauler, and implementing it in a way that would be  
12 comparable to the implementation to the Electronic Waste  
13 Recycling Act of 2003, which you guys are all aware of.

14           This type of incentive for the hauler has already  
15 been demonstrated in Germany, where it was so effective  
16 that they got to the point where they were actually able  
17 to eliminate the incentive to the hauler because there was  
18 such high levels of compliance that they didn't need to  
19 provide it anymore, after it was established.

20           The other aspect is -- again, it's about creating  
21 demand. And so the easiest way and most -- way that the  
22 market can really function on this is to create a  
23 mandatory recycled content. Again, this would be  
24 comparable to the PRC 24760, which you guys are well aware  
25 of, for recycled content of newsprint.

1                               --o0o--

2               DR. LOVE: We see this shift of the incentive to  
3 the hauler, like I said, as being a 16-cent-per-gallon  
4 incentive be delivered for oil delivered to a certified  
5 facility and accepted for rerefining as base lube oil.

6               This will increase the reporting burden on the  
7 hauler. But it could be used, either to reduce or  
8 eliminate the hauling costs for the certified collection  
9 center that have really the quality of used oil for  
10 recycling back to base lube oil. So in terms of  
11 facilities like the do-it-for-you oil centers, if you were  
12 able to essentially pay for their hauling costs or  
13 subsidize their hauling costs, to have somebody come pick  
14 it up, you know, this might be a way that encourages them  
15 to stay in a certified collection center program.

16              On the other side of it, we also think that  
17 providing a mandatory -- or regulating a mandatory  
18 recycled content creates the demand that's needed to move  
19 the market. It requires a regulatory change. But it  
20 encourages technology development. It doesn't lock in a  
21 certain given technology in terms of, you know, what --  
22 what actually defines recycling back to base lube oil.

23              Now, we've gotten quite a bit of feedback that the  
24 mandatory recycled content is drastic for industry, and  
25 that they really like the way that the market is set up

1 and they would like it to be less aggressive towards the  
2 free market. And we understand that and we hear that.  
3 But we feel like it really is the cleanest and most  
4 effective way to create new demand.

5 --o0o--

6 DR. LOVE: So like I said, this is our preliminary  
7 recommendations. We are absolutely hoping to get some  
8 feedback on both the analysis as well as our  
9 recommendations.

10 We have to give credit and thanks to the enormous,  
11 hundreds, of hours that were spent with stakeholders from  
12 all the different parts of the used oil system, who have  
13 been absolutely generous with their time in helping us  
14 understand how the system operates and the dynamics of it,  
15 and have even give us some of their own thoughts on how  
16 things should operate going forward.

17 Thank you.

18 COMMITTEE MEMBER BROWN: Thank you, Adam and  
19 Mackenzie.

20 I'm sure we have some questions. I have a quick  
21 question. Just knowing the minimum content laws that we  
22 already have on the books and the complexity and all of  
23 that, without mandating on the industry, are there other  
24 incentives to re-refinement -- I mean, I know you suggest  
25 incentivizing the haulers to refinement facilities. Are

1    there other incentives, other than mandating the minimum  
2    content, to be considered?

3           DR. LOVE:   So there's -- on creating the demand  
4    side, there's a number of methods.   So mandatory recycled  
5    content is one.   There are a number of ways -- instead of  
6    necessarily incentivizing a process, you could subsidize a  
7    product.

8           So you could actually say, okay, well, a product  
9    that contains rerefined oil, you know, you collect the fee  
10   when you buy it, you know, and then you discount it when  
11   you sell it, you know.   So in some way to where -- instead  
12   of demanding the recycled content, you subsidize the  
13   products that contain the recycled content.

14          The difficulty in that is knowing what is the  
15   amount of the subsidy that actually will move the market.  
16   And again, we're trying to get our hands on some of these  
17   numbers, both in terms of what it costs to do these  
18   things.   For most of the folks, that's considered  
19   proprietary information, and so it's been very difficult  
20   to actually do any sort of thorough economic analysis of  
21   these recommendations.

22          MS. JOHNSON:   Well, one thing I would like to add  
23   is that in terms of mandatory recycled content, one of the  
24   stakeholders said, outright, that they were already  
25   looking at -- they are not a refiner and they were already

1 looking at changing the technology at their facility so  
2 that they could be a re-refiner, but they are expecting --  
3 that they are ready for a market driver. And they  
4 basically said that they are waiting on some sort of, you  
5 know, demand. And one of the things that they listed was  
6 the mandatory re-recycled content as a possibility.

7 So that was partly coming, from what I understood,  
8 from the stakeholders as to what they saw was creating  
9 enough demand.

10 COMMITTEE MEMBER BROWN: It just also creates an  
11 entire complexity and a whole new program of  
12 certification. And I mean, the layers of that is  
13 absolutely mind boggling.

14 So I do not support a mandated minimum content of  
15 refined oil. But I do agree that market mechanisms and  
16 the market needs to drive the material. And I do like the  
17 idea of we could somehow extrapolate some more economic  
18 information about what the incentives would need to be and  
19 how that might work. It might be helpful.

20 Senator, any questions?

21 COMMITTEE MEMBER CHESBRO: I've been asking them  
22 as we go.

23 COMMITTEE MEMBER BROWN: Cheryl, do you have any  
24 questions?

25 Great. Thank you very much.

1           Before you go, though, I do have one speaker.

2           Gary Colbert from Evergreen Oil.

3           I only have one speaker sheet, but I would be  
4 happy to entertain all of you. Just Peter, you go next.

5           Just make sure -- for the record.

6           MR. COLBERT: Madam Chair, my name is Gary  
7 Colbert. I'm the executive vice president of Evergreen  
8 Oil.

9           We want to thank the Board for looking for ways to  
10 improve the used oil collection and recycling program here  
11 in California. With the successes that we've had in  
12 aluminum, paper, glass, oil being one of the largest waste  
13 streams we have here in California, without a  
14 sustainability policy, I think it's long overdue.

15           Evergreen owns and operates the only rerefinery in  
16 the western half of the United States and with the ever  
17 increase in the costs of crude oil and costs of today's  
18 lubricants, how to report that structure and recognize the  
19 closed loop advantages of managing used oil, especially  
20 rerefining, I think is very important.

21           We were contacted by Lawrence Livermore when they  
22 were tasked with the first phase of looking at used oil  
23 going to the existing refineries. And I believe after  
24 multiple discussions of the political and economic  
25 disadvantages of that and discussing with him the movement

1 of used oil out of the state of California, and the fact  
2 that California is not recognizing the benefit of keeping  
3 this oil in California for economic purposes was a big  
4 disadvantage to the state. So I was very proud to see  
5 that you guys changed your scope.

6 My only concern with that is that we were  
7 contacted by the members of Lawrence Livermore Lab but not  
8 to the degree that I think I would have liked to have  
9 seen, meaning that there's very -- there's many facts  
10 within the report that I feel are inaccurate and need to  
11 be further reviewed and further discussed, not only with  
12 myself but other stakeholders, and a member of the staff  
13 here, to how to better report to, I think, better the  
14 system.

15 Some of these are -- for instance, the amount of  
16 used oil they say is going out of state, and the amount of  
17 oil that was recycled, there's a report -- there's various  
18 reports that Dr. Love mentioned. One that I constantly  
19 look at is a 2005 report, that shows 122 million gallons  
20 recycled, and 26.8 was manifested out of state. That's  
21 23 percent, not 4.4 percent.

22 If you talk to people in our industry,  
23 specifically companies out of California, this year, we're  
24 going to tell you it's probably close to 40 million.  
25 That's a lot of oil leaving California.

1           Dr. Love talked to you about disadvantages or not  
2 recognizing alternative technologies. Well, that's true.  
3 Evergreen doesn't recognize any other alternative  
4 technologies for rerefining. Other than Safety-Kleen in  
5 Chicago, we are the only other rerefinery in the United  
6 States.

7           What that means is, our product has the ability to  
8 go back into automobile applications and return back to us  
9 and be rerefined and turn back into automobile  
10 applications. We meet all the API standards. We've been  
11 engine tested. We're registered by all the majors, by all  
12 the independent blenders. They are not -- let's not be  
13 fooled by that. There's tremendous amount of economic  
14 advantages by these out-of-state facilities. They do not  
15 have to meet our standards, here in California, to have a  
16 permitted treatment storage and disposal facility. That  
17 is so key. That's something I've talked about to many  
18 people in this room before. They can take it there. They  
19 don't have to have the closure liability. They don't have  
20 to have the testing liabilities. They don't have to test  
21 for the oil to the same standards we do here in  
22 California. It creates a big economic disadvantage to the  
23 businesses here in California. But what it does do is it  
24 creates a big liability to the generators of California by  
25 taking oil to these facilities. And many times more than

1 not have come up as contaminated properties that citizens  
2 of California and businesses have had to pay for.

3 So I think that needs to be looked into and how  
4 the movement of oil has moved into and out of the state of  
5 California. It needs to be addressed into this report. I  
6 think that shifting the credit over to the haulers is a  
7 big mistake. Evergreen is the second largest collector of  
8 oil in California. I'm against that. I think that would  
9 kill the process of what this Board has established to  
10 this point. I think it's a good program. I think there's  
11 some improvements, but I don't agree with shifting that  
12 incentive whatsoever. And I agree with you, Madam Chair,  
13 that requiring a mandate for a percentage of refined  
14 product and materials is not a good thing for the state of  
15 California.

16 And I think that's about it. So thank you very  
17 much.

18 COMMITTEE MEMBER BROWN: We have a couple more  
19 questions.

20 COMMITTEE MEMBER CHESBRO: Can you elaborate on  
21 why you think it's not a good idea?

22 MR. COLBERT: Well, I think they've done a good  
23 job of creating these collection centers, and they depend  
24 on that money to --

25 COMMITTEE MEMBER CHESBRO: That part, I

1 understand. But the part about the recycled content.

2 MR. COLBERT: Well, I think that what's going to  
3 end up happening is the majors are going to fight against  
4 that. And I don't think the refining capacity in  
5 California is going to be able to keep up with that  
6 requirement, no matter what you have -- 1, 2, or 3  
7 percent.

8 I think if you incentivize it and say, "Hey, if  
9 you have the ability to put it in your product and you can  
10 prove that it meets the recycled content" at that point,  
11 then I think that some credit could be paid out --

12 COMMITTEE MEMBER CHESBRO: It's like a  
13 chicken-and-egg discussion, because, I mean, you know, if  
14 you look at other content -- other content requirements in  
15 California, they have driven the investment and -- I mean,  
16 the best example we have, of course, is newsprint. But  
17 where the industry has adjusted and adapted and built the  
18 capacity to make it happen.

19 MR. COLBERT: The problem is permits. Permits is  
20 key. It took us seven years to get a permit with the  
21 Department of Toxic Substances to expand our refinery  
22 which we will have done by the end of the year. We'll be  
23 at 20 million gallons of rerefining capacity. But  
24 whoever's going to end up wanting to do rerefinement, the  
25 permit is a big, big bottleneck.

1 COMMITTEE MEMBER CHESBRO: Okay. Thank you.

2 COMMITTEE MEMBER BROWN: I have a quick question.

3 One of the issues that Dr. Love mentioned was the  
4 discouragement. So the segregation of the two different  
5 kinds of oil, is that an issue for you?

6 MR. COLBERT: For us, it's not. For the oil that  
7 we receive, we are able to handle a 90, 95 percent of that  
8 and refine that material. I think that you are going  
9 to -- it would be a big cost to either the hauler or the  
10 generator to have separate tanks. And I think they do a  
11 pretty good job of doing that right now. So most of the  
12 stuff we see at our facility, we can handle in a  
13 rerefining capacity.

14 COMMITTEE MEMBER BROWN: Okay.

15 Gary? Petersen?

16 CHAIRPERSON PETERSEN: I'm here.

17 COMMITTEE MEMBER BROWN: Do you have any questions  
18 for Gary Colbert at Evergreen before I let him step away  
19 from the podium?

20 CHAIRPERSON PETERSEN: One question.

21 Now, the oil that is being shipped out of the  
22 state, it was mentioned earlier in Dr. Love's report that  
23 it contains heavy metals and other types of materials that  
24 are pollutants; is that correct?

25 MR. COLBERT: That's correct.

1           CHAIRPERSON PETERSEN: And so it would be best  
2 served by the citizens of California and us to rerefine or  
3 use that oil in the state --

4           MR. COLBERT: That's exactly --

5           CHAIRPERSON PETERSEN: -- or require it to be  
6 cleaned up, to be as clean as possible, before it is  
7 exported out of the state.

8           MR. COLBERT: That's correct.

9           CHAIRPERSON PETERSEN: Level the playing field; is  
10 that correct?

11          MR. COLBERT: That's correct.

12          CHAIRPERSON PETERSEN: Okay. Thank you.

13          COMMITTEE MEMBER BROWN: Thanks, Gary.

14          DR. LOVE: We would like to respond to a couple of  
15 the points.

16          COMMITTEE MEMBER BROWN: Sure.

17          MS. JOHNSON: Addressing first the issue of the  
18 amount of used oil going out of state, the numbers that we  
19 have, if you look at the disposition chart on slide 3,  
20 where it says fuel oil is 41 percent; asphalt, 21 percent,  
21 etc., those numbers come from the quarterly reports from  
22 the facilities, not from the haulers.

23                If you -- my understanding is that some of the  
24 information that says that there's a higher degree going  
25 out of state definitely comes from the hauler reports.

1 And, you know, when you -- the only reason -- there are  
2 actually -- looking on this, this is what we know as going  
3 out of state. Okay?

4 4.4 percent is what gets reported voluntarily from  
5 two different out-of-state facilities. That's all that  
6 they have to do in terms of looking at what happens to the  
7 oil once it gets to the facilities.

8 COMMITTEE MEMBER BROWN: I think if you talk to  
9 DTSC or anybody, they are going to concur that the  
10 information isn't available on what's being transported  
11 legally or illegally, out of state.

12 DR. LOVE: And it's not only not available, it's  
13 the idea of making folks certify that their oil is clean  
14 before it's out of state, enforcing that compliance. We  
15 may examine that as an option and we felt like enforcing  
16 that compliance was virtually impossible since we can't  
17 even track the volumes that are leaving state as is, let  
18 alone certifying that they are clean.

19 COMMITTEE MEMBER BROWN: Yeah. I just think, you  
20 know, the number may not be as accurate as what's really  
21 happening. And I think, Mackenzie, you are probably  
22 acknowledging that that is the best number you could get,  
23 although we know --

24 DR. LOVE: We know the number is larger.

25 MS. JOHNSON: And we know, for instance, even from

1 the Waste Managements Board, from where I got these  
2 numbers originally, they recognize that there are at least  
3 15 million gallons leaving the state. But in terms of  
4 what happens to it, and in looking at just, like, the  
5 recycled volume, this is the best that we can break it  
6 down. And so those numbers came from someone at the Waste  
7 Management Board.

8 COMMITTEE MEMBER BROWN: Okay. Thank you.

9 I do have actually, Peter. I don't have a sheet  
10 for you, but you can go next, and then I do have Bob  
11 Hoffman.

12 MR. WEINER: I'm Bob Hoffman.

13 COMMITTEE MEMBER BROWN: You're there for Bob.  
14 Okay. Sorry.

15 MR. WEINER: Thank you, Madam Chair and Member of  
16 the Board.

17 We represent DeMenro Kerdoon, which is the largest  
18 used oil recycler in the state, and Asbury Environmental  
19 Services, which is the largest hauler in the state.

20 And we are -- we, as with Evergreen, are  
21 supporters of a bill that's in the legislature now that we  
22 think will solve some of these problems through surgical  
23 changes to the system that will do, in part, what  
24 Mr. Petersen was just saying, which is to ensure that used  
25 oil that goes out of the state is clean and that we have

1 less of an impact on the environment. And as you said,  
2 Madam Chair, or Senator Chesbro said, the important thing  
3 is to make sure that we don't have the low quality FOC,  
4 fuel oil cutter, or bunker oil type stock that has the  
5 pollutants in it.

6 At the moment, the problem with oil going out of  
7 state can be traced to a couple of things. One may be  
8 that they have lower costs. The other is that the oil  
9 going out of state is not tested for PCBs, not because  
10 that test is so expensive, but because people taking it  
11 out of the state fear that they could get a positive  
12 result in a small minority in the cases and that would be  
13 a huge extent. And so they skirt that by not testing.  
14 All oil in the state has to be tested to PCBs.

15 So one solution to bad oil, if you will, going out  
16 of state is to require that it be tested before it goes.  
17 That is enforceable. That is doable. That is practical.

18 The second thing is, and this goes to the heart of  
19 the enactment of the California Oil Recycling Enhancement  
20 Act. What was the purpose of it? The purpose was to  
21 promote collections, stop oil from going down the drain to  
22 the Bay, but it was also to assure recycling of that oil.  
23 And I'm afraid -- and I helped write that bill with  
24 Senator Sher at the time so I'm fairly familiar with the  
25 background.

1           But over time, for a lot of reasons, I think we  
2   lost some site of that. We were so intent on encouraging  
3   collection centers and the Kragen's and other auto part  
4   places that are vital to this system, that we kind of  
5   forgot that the oil also has to be recycled.

6           And so at the moment, if I understand it  
7   correctly, those folks taking that oil out of the state --  
8   and I don't mean to be recycled as fuel oil cutter. In  
9   many cases, I mean to be burned as fuel oil with no  
10   recycling whatsoever. There are still 16 cents being paid  
11   to that collection center as soon as they put it on a  
12   truck.

13          So one solution to encouraging the use of  
14   rerefined lube oil and marine diesel, which have those  
15   equivalent emissions that Dr. Love was talking about, is  
16   to make sure that anyone who is manifesting -- who is  
17   getting 16 cents can certify and get certification from  
18   their hauler that it's going to a place where it will meet  
19   California recycling standards. And maybe those standards  
20   need to be changed. Maybe they need to be upgraded. But  
21   at least as a first step, we need to make sure that we  
22   don't give people an incentive to have used oil burned.  
23   That seems to me to be contrary -- that's what we're  
24   doing. That seems to be contrary to our intent.

25          DeMenro Kerdoon is not a rerefiner into base lube

1 oil. It makes marine diesel. It makes a lot of it. And  
2 there is an issue as to whether there's enough market at  
3 the moment for all of that to be made into rerefined lube  
4 oil. Nevertheless, DeMenro Kerdoon has supported the  
5 two-tier incentive for rerefined lube oil that's in AB  
6 1195, because we think that's the future. It has to be  
7 done in a way that you create a market incentive for it,  
8 and a demand for it. But we think that money does  
9 actually create an incentive. And that's why we've  
10 supported the two tiers.

11 The designation as a hazardous waste, however,  
12 which some out-of-state recyclers have told Dr. Love is  
13 why they can compete with California, we think that's  
14 there. We don't know that there's a way to deal with it.  
15 The reason that used oil is deemed to be a hazardous waste  
16 in California is because that has really created a system  
17 that has ensured a lot more recycling.

18 So I want to go back to one of the first slides  
19 for a moment -- and you don't have to put it up on the  
20 screen -- that Dr. Love showed, which is how much used oil  
21 is collected. You will notice that in that, it shows in  
22 the 40s for our collection efforts. But it also shows in  
23 the 40s for burnt, lost, or some other thing -- or used.

24 COMMITTEE MEMBER BROWN: Burnt, lost, or spilled.

25 MR. WEINER: Burnt, lost, or spilled.

1           Traditionally, at least, the way California has  
2   looked at used oil is not as a percentage of lubricating  
3   oil sales, but as a percentage of used oil that's  
4   available.

5           And so what we have tried to do, and I think this  
6   is what the Board has tried to do, is to make sure that  
7   the used oil that exists is not illegally disposed, it's  
8   not illegally transported, but is handled safely and  
9   recycled.

10          So the material that is used up in industry and  
11   automobiles, that is something else to address. But it is  
12   not because we have a low percentage of collections of  
13   used oil that's available in California. That percentage  
14   should be -- and this is a definitional issue. I think  
15   that we've gone from somewhere in the 60s to somewhere in  
16   the 80s on actual used oil collections as a result of this  
17   Board's efforts. And I want to recognize those efforts,  
18   and I think this report should recognize those efforts.

19          The Board has done a great job at getting used oil  
20   collected. And I think that this report really  
21   undervalues that effort by saying it's in the 40s. It's  
22   not. There are other efforts that people are making now  
23   to have oil in cars changed less often, which is one way  
24   to do it. There can be efforts to make sure that it is  
25   collected better. But you've done a good job, and I think

1     this report underestimates that.

2             Also, one other thing just to note, because it's  
3     not something you necessarily know. When the report talks  
4     about asphalt production, you don't get rerefining without  
5     asphalt. Asphalt -- to have asphalt production go up will  
6     mean that the production of rerefined lube oil and marine  
7     diesel is going up, because asphalt goes up as you do  
8     vacuum distillation. It's one of the products. But as a  
9     result, the reference to other waste components is  
10    probably, from our point of view, wrong. The asphalt  
11    takes the waste, encapsulates it in a way that is not  
12    physically or chemically released. And when you rerefine  
13    or vacuum distill used oil, you don't have waste products.  
14    You have marine distillate, you have a rerefined lube, and  
15    you have asphalt. But you don't have other waste  
16    products. There are all sorts of statutes you have to  
17    comply with in terms of air and water and so on. But you  
18    don't have waste that has to be carted off somewhere. And  
19    that's a terrific element of doing a vacuum distillation  
20    for rerefining or redistillate.

21            We did submit a letter and it's incomplete.  
22    There's a lot more to say. I don't want to take all your  
23    time now.

24            What I would urge is this. I think that Lawrence  
25    Livermore National Laboratory has a lot of capability.

1 They have given it a crack. They didn't get to talk to  
2 the industry enough, to people who kind of understand  
3 what's actually going on and can perhaps give them  
4 information.

5 So I would ask that there be an opportunity for  
6 those who are stakeholders in this industry -- and I mean  
7 Evergreen and DeMenro Kerdoon, others to -- and  
8 Safety-Kleen to meet with your staff and with Lawrence  
9 Livermore to go over this report and try to address what  
10 we believe are some of the factual inaccuracies, and have  
11 a really robust report that will help get us toward where  
12 everybody wants to go.

13 Thank very much.

14 COMMITTEE MEMBER BROWN: Thank you, Peter.

15 Bob Sulnick.

16 MR. SULNICK: Madam Chair, Members of the Board,  
17 Robert Sulnick. I'm representing Evergreen Oil.

18 Evergreen supports the report's conclusion that  
19 closed loop recycling or rerefined used oil is the highest  
20 and best use of the resource. This is especially so  
21 because it's a strategic resource and that by conserving  
22 it, you not only conserve a resource, but you are reducing  
23 greenhouse gases.

24 And we also are very clear that that closed loop  
25 recycling is the only kind of use of this resource that

1     should be classified as the highest and best use.

2             There are a variety of areas where we disagree  
3     with the report, and they are these. It says, rather, the  
4     mandate should be stimulated -- should be used to  
5     stimulate more rerefining, which Gary Colbert has also  
6     said on the report. A tiered approach to incentive should  
7     be promulgated, raising the rerefining incentive to 18  
8     cents a gallon and giving 16 cents a gallon to refined  
9     oil. We think refined oil is a very valuable product.  
10    It's a low sulfur diesel. It's in demand. And CARB is  
11    especially fond of it because of its lack of air  
12    pollution.

13            We think rerefining needs to be explicitly defined  
14    and that that definition has to be approved by the  
15    American Petroleum Institute and should also be approved  
16    by the oil industry because it will be the American  
17    Petroleum Institute that will certify whether a rerefined  
18    based lube is the equivalent of virgin oil. So without  
19    their definition, we think there was a tremendous gap in  
20    this whole process.

21            Transferring incentives to transporters in our  
22    view will not -- will not achieve the desired result of  
23    ensuing more rerefining. Relaxing California's  
24    designation of used oil as a hazardous waste is not  
25    consistent with California's environmental leadership

1 position. Testing out-of-state oil to California  
2 environmental standards can significantly aid rerefining  
3 by ensuring that the regulatory playing field is level  
4 between in-state and out-of-state uses of used oil.

5 And then we are concerned that the report does  
6 not, as currently written, function on the fact that right  
7 now California policy promotes exporting pollution through  
8 the used oil program to neighboring states.

9 Evergreen considered mandating dating 3 to  
10 5 percent minimum content about in late 2006. We quickly  
11 concluded that that was a non sequitur, that has no legs  
12 whatsoever. The oil industry will completely oppose it.  
13 There was no legislative support for it. And in our view,  
14 if it got that far, the governor would, in fact, veto it.

15 We think that there is empirical support for the  
16 incentive process in that a tiered approach of 18 and 16  
17 cents has already been approved by the assembly with  
18 bipartisan report, and on the record is supported by both  
19 the environmental community and industry.

20 That support includes DeMenro Kerdoon and  
21 Safety-Kleen, Evergreen, the Sierra Club, and Californians  
22 Against Waste, among others.

23 When we start to talk about rerefining -- in my  
24 written testimony, there is a definition of rerefining  
25 that has been approved by the American Petroleum

1 Institute, the Western States Petroleum Association, and  
2 Evergreen. I don't think I need to read it into the  
3 record. You have a written document of it.

4 But I need to underscore the importance of that,  
5 because if you don't have a standard approved by the part  
6 of the industry that certifies whether base lube is the  
7 equivalent of virgin oil and can be used in automobiles  
8 and not void those warranties, if you don't do that, you  
9 can't function, and you will have people claiming that  
10 they have rerefined base lube when, in fact, they don't  
11 hydro treat, which is really what it takes. And hydro  
12 treating is not rocket science; it just costs money. And  
13 if you are willing to pay it, you can participate in this  
14 process.

15 Now, the thing that I think is probably the most  
16 objectionable about Lawrence Livermore's position is  
17 shifting the incentive to the hauler. California has  
18 spent an enormous amount of time and energy and money  
19 establishing certified collection centers as part of the  
20 institutional process that deal with used oil. And that's  
21 been a huge success. I don't think you want to consider  
22 taking them out of the loop at this point. What I think  
23 you should consider is giving them a higher incentive and  
24 making them manifest that that oil is going to a  
25 rerefinery and that their 16 cent oil is going to a

1 refinery, and coupling that with the requirement that the  
2 out-of-state oil is tested. Because the reason that we  
3 don't think giving the incentive to the haulers could  
4 work -- when you look at the facts and figures -- the  
5 numbers that we're working on come from DTSC. And they  
6 show in '05, and these are numbers that were available to  
7 Lawrence Livermore. These are not -- this isn't secret.  
8 They show that in '05, over 21 million gallons of our used  
9 oil went out of state, untreated, and was burned, in  
10 violation of California air pollution laws in state, out  
11 of state, directly from the transporter picking it up from  
12 the center, who is paid 16 cents to take it out of state  
13 and burn it -- and directly taking it out of the state and  
14 burning it.

15           There is an established market that the haulers  
16 are integral to right now in taking this untested,  
17 untreated, oil out of state. Because the out-of-state  
18 facilities don't have the added cost, either testing or  
19 meeting our air standards, they will also pay more. So if  
20 you shift the incentive to the hauler, you are just giving  
21 an incentive to the hauling industry. I'm not sure why  
22 California should do that.

23           But the bottom line is, the out-of-state haulers,  
24 as long as they don't have to test, to pay the cost of  
25 testing, they'll just keep raising their prices. And I

1 want to point out, it's a big difference. It's about 25  
2 cents a gallon.

3 Our facilities, because they are permitted, and  
4 have to comply with our environmental standards, which  
5 they should have to comply with -- that's the whole  
6 point -- pay about 40 cents a gallon. The out-of-state  
7 people pay 65 cents a gallon, and that's a huge  
8 difference.

9 So if you simply shift the incentive, you're not  
10 going to create that desired result of causing the oil to  
11 go to rerefineries.

12 I think --

13 DR. LOVE: Bob, can I just clarify one point about  
14 that?

15 MR. SULNICK: Yes.

16 DR. LOVE: In terms of -- the goal of shifting the  
17 incentive to the hauler, it would be stipulated that the  
18 hauler would get the incentive if it was taken to  
19 California certified rerefined facility.

20 And so the intent of that is rather than trying to  
21 create an enforcement arm of preventing haulers from going  
22 out of state, it would be creating an incentive to keep  
23 those haulers in state. And so rather than trying to  
24 enforce it via tracking trucks going to the border states,  
25 it would be increasing the incentive so that it would

1 encourage those haulers to actually -- the only way to get  
2 that incentive is to bring it to a California rerefinery,  
3 therefore they would be encouraged to not go across border  
4 in order to get that.

5 We also support the idea of looking at the  
6 incentive total as well, since it's been fixed for quite a  
7 long time, and trying to gauge that towards what actually  
8 would be something that would shift the way that current  
9 business is done.

10 MR. SULNICK: Actually, with no angst, but I would  
11 prefer not to be interrupted except by Board members  
12 during my presentation.

13 And I think that Dr. Love is somewhat academic,  
14 with all due respect.

15 As long as our state haulers are going to pay  
16 more, they are not going to take it to a state rerefinery.  
17 That's just a fact. And they will also be able to pay  
18 more unless a tested requirement it instituted that puts  
19 it on a level economic playing field.

20 So in our view, the way to do this is a tiered  
21 incentive that will be coupled with the certified centers  
22 manifesting that the oil is going to the rerefineries and  
23 the refineries to get the incentive and a testing  
24 requirement imposed on the out-of-state haulers that will  
25 level that economic playing field. And if you don't do

1     that, this isn't going to work. It's just impossible.

2             And then there's something else you have to do in  
3     your view of. We believe in the power of advertising. I  
4     think it's implicitly how America functions. So we think  
5     in addition to a tiered incentive and having testing  
6     requirements, that the Used Oil Fund also ought to take  
7     the money and use it to educate and advertise about this  
8     issue to the public. I think you will find enormous  
9     support in that from the industry. And I think the public  
10    will respond to it. Because I don't think most of the  
11    public today really comprehends that rerefined oil is the  
12    equivalent of virgin oil and that there are all these  
13    environmental benefits.

14            Now, on the environmental benefits side, the  
15    country generates about 1.3 billion gallons of used oil a  
16    year. That's half the daily output of the Alaska  
17    pipeline. If we recycle that oil, we would save  
18    2.5 million gallons a day. That should be part of the  
19    education program.

20            1 gallon of rerefined used motor oil produces 2.5  
21    quarts of lubricated oil. On the other hand, it takes  
22    42 gallons of crude to produce that same 2.5 quarts. And  
23    if you do the rerefining, it saves one-third the energy.

24            I think that's the kind of public education  
25    campaign that needs to be established. And there are now

1 studies that are showing, there's a 42 percent saving of  
2 greenhouse gas emissions by doing the rerefining process  
3 as opposed to the virgin crude process. So you not only  
4 have energy conservation on the strategic nonrenewable  
5 resource that we're running out of, you have greenhouse  
6 gas savings. And the public doesn't understand that. And  
7 the public doesn't understand there's 1.3 million gallons  
8 out there to be rerefined, and had they should.

9 I'm almost done. I apologize.

10 One thing that the report failed today, in my  
11 view, was to articulate that California is now a net  
12 exporter of pollution through this program, and that's  
13 really unacceptable and it needs to be addressed.

14 And my final comment, and this is again with all  
15 due respect to Lawrence Livermore, and they are an  
16 incredible group. But I agree with what Peter Weiner just  
17 said. In my view, we were not proactively contacted. We  
18 contacted Livermore four times, once about going to talk  
19 to them about how unrealistic we thought having the majors  
20 do this is, because that just wasn't going to happen.

21 The second time, I called them and said, we would  
22 really like them to come to our facility. We had an open  
23 facility to which some of you came to. And they did. And  
24 then there was a discussion with Mackenzie after that.

25 And then the third time, I sent them a political

1 analysis of why I thought mandates were dead on arrival.

2 And the fourth time, I proactively sent them the  
3 rerefined definition that has been approved by the  
4 American Petroleum Institute and the Western States  
5 Petroleum Association and ourselves.

6 And so I think what would be really useful is if  
7 we could all be directed to get together and begin a  
8 conversation that was based on the realities of the  
9 market.

10 Thank you.

11 COMMITTEE MEMBER BROWN: Thank you, Robert.

12 You don't need to respond because we are going to  
13 ask staff to do some -- which we've done in other reports,  
14 gotten stakeholder input to include into the final report,  
15 some comments. So if we could ask staff to coordinate  
16 between Lawrence Livermore and our stakeholder community  
17 that we would appreciate that input being put into the  
18 final report. I do want to thank you very much for  
19 presenting this information in a preliminary state. I  
20 know we're anxious to get some of this information and  
21 begin the dialogue since there is legislation pending over  
22 at the legislature, that we would like to be able to  
23 provide technical assistance for. So I do appreciate your  
24 fast tracking this and getting to it so us in an  
25 abbreviated fashion and doing the great presentation that

1     you did. Thanks, staff, very much. I know we have work  
2     to do.

3             We're going to take a break right now. I'm taking  
4     a break. We need to take a break, unfortunately. It's  
5     1:35. I haven't given staff or hungry board members a  
6     break.

7             So if you could come back after lunch, we're going  
8     to take about a 15- to 20-minute break and come back and  
9     we'll hear your comments at that time. And then we'll  
10    take up our last item.

11            Thank you.

12            (Thereupon a break was taken in  
13    proceedings.)

14            COMMITTEE MEMBER BROWN: Good afternoon. Thank  
15    you, all, for indulging in a brief nourishment break,  
16    necessary.

17            I'd like to call this meeting back into order. We  
18    have another speaker on Item 13 still that I'd like to get  
19    to.

20            Victoria, can you call the roll?

21            EXECUTIVE ASSISTANT CARVAJAL: Brown?

22            COMMITTEE MEMBER BROWN: Here.

23            EXECUTIVE ASSISTANT CARVAJAL: Chesbro?

24            COMMITTEE MEMBER BROWN: Coming.

25            EXECUTIVE ASSISTANT CARVAJAL: Petersen?

1           CHAIRPERSON PETERSEN:   Here.

2           COMMITTEE MEMBER BROWN:   And I would like to  
3   acknowledge Member Peace for rejoining us this afternoon.  
4   Thank you so much.

5           And I would like to call -- and thank you for your  
6   indulgence and for waiting -- Phil Vermeulen.

7           MR. VERMEULEN:   Good afternoon, Madam Chair and  
8   Board Members.

9           I'm Phil Vermeulen.   I represent the independent  
10   waste oil collectors and transporters, the haulers, we  
11   kept hearing about.

12           Unfortunately -- I apologize.   I got off an  
13   airplane from two weeks in Maui last night, at  
14   11:00 o'clock.   So --

15           COMMITTEE MEMBER BROWN:   We don't feel sorry for  
16   you.

17           You're not going to ask us to feel sorry for you.

18           MR. VERMULEN:   So we showed up here at 1:30 today  
19   thinking that's when it was started.   So I'm a little  
20   behind the curveball here, and I apologize.

21           The bottom line, with all of this, we're all on  
22   the same page in terms of we want to recycle.   And again,  
23   that's like "green."   That's the new buzzword.   Let's  
24   recycle, recycle.

25           We definitely need to come up with a good, strong,

1 definition to promote as much, quote, recycling as we  
2 possibly can. That's not the issue.

3           The issue is, how do we maximize this? And it's  
4 all about the dollar and market share. And everything you  
5 have been hearing about, and we've been battling over this  
6 over the last year, over AB 1195, the Torrico bill, is for  
7 many, many, many, many years, my callers, the little  
8 mom-and-pops who go around to all these different sites  
9 and pick up all this used oil, were at the demands of the  
10 in-state -- the DeMenro Kerdoons, the Evergreens, and were  
11 paid whatever the market -- they decided the market was.  
12 And so they would get literally pennies and sometimes they  
13 would actually almost have to pay to give the oil away and  
14 charge their customers to pick up their oil, which is  
15 counterproductive. The whole idea of the recycling,  
16 everything we're trying to do here, we want to be able to  
17 discourage people from taking that oil and dumping it out  
18 in the desert and that stuff. And that stuff does go on.  
19 I have to admit it. What we want to do is figure out, how  
20 can we maximize that.

21           To that end, when these out-of-state facilities  
22 start coming into play, one of them is ORRCO; it's in  
23 Oregon. Another one is Bango in Reno. It is state of the  
24 art. It far, far surpasses anything that California has  
25 in terms of refining capacity.

1           And I strongly urge the Board -- I urged LBL with  
2   invitation -- go take a look at some of these out-of-state  
3   facilities right at the border. They are paying up to 95  
4   cents a gallon to my guys to haul that oil. So guess  
5   where they are taking it? They are taking it out of state  
6   because that's where the money is right now.

7           Now, in terms of -- as I said, they're state of  
8   the art. And I would encourage you to take a strong look  
9   at these facilities. That's not the point.

10          The point that they are trying to do with AB 1195,  
11   the whole business here, is how do we keep market share  
12   here in California? So they are saying well, all of this  
13   oil is being, quote, burned out of state, what does  
14   DeMenro Kerdoon do with this oil? They dewater it and  
15   then take it to Long Beach where the ships are burning it.  
16   So is that not burning it?

17          So you hear this -- kept hearing this when we  
18   first come in a while back. They are burning all of this  
19   oil. Well, they are burning all this oil to go out  
20   through ships as well. So let's again go back and define  
21   what "recycling" means. That will go a long way towards  
22   leveling this playing field that we're talking about.

23          Now, having said that, what we proposed was, who  
24   cares where you take the oil as long as it's tested to  
25   California conditions? These out-of-state facilities

1   agreed to use California certified labs to test this oil,  
2   so that everybody's, quote, on this level playing field.

3           Further, as the AB 1195 was just amended, they are  
4   finally starting to take some of the stuff that we had  
5   recommended, but, again, keeping it at arm's length,  
6   trying to keep it in state. But what they are talking  
7   there is that the transporter's responsible for the  
8   manifesting of that oil that's going out of state. We  
9   absolutely agree with that. We would take it a step  
10   further and require the transporter to have to retain a  
11   sample of this oil. Okay? So that if they were taking  
12   out of state, they would have a sample of this oil. They  
13   would be required to keep it for six months, nine months,  
14   whatever you so describe and want to do. But that oil  
15   would then go to save Bango in Reno where they agree to  
16   the terms and conditions of the California facilities. It  
17   would be tested using a California certified lab. And the  
18   results would go back to the transporter who would clip  
19   those results on to those manifest.

20           So you have a paper trail of where that oil is  
21   going, that it actually did meet the conditions of the  
22   California -- less than 5 parts per million of the PCBs  
23   and all those good things. And then it is then made into  
24   another product. It makes lots of sense. We're  
25   maximizing the use of the used oil, and everybody's happy.

1           And so with that, I cannot urge you enough to work  
2 with the stakeholders, just like the previous speakers  
3 have said. Work with us. Let us give you an opportunity  
4 to look at some of these other facilities right outside of  
5 the state, that are paying the dollars that my guys can  
6 now go out and make incentives to go out and try to get  
7 every little mom-and-pop that's generating oil, making  
8 sure that they are collecting that. That's what we're all  
9 here about.

10           And I can't emphasize that enough.

11           COMMITTEE MEMBER BROWN: I have a question for  
12 you.

13           MR. VERMULEN: Shoot.

14           COMMITTEE MEMBER BROWN: Now that I am fed, I have  
15 questions.

16           The Orco, the Bango or these companies, what do  
17 they produce? Are they producing the base lube?

18           MR. VERMULEN: They are making lube stock.  
19 Absolutely. Not just empty lube stock. And they have the  
20 capacity to -- that's why we argue, and that's what we  
21 want to do with AB 1195 too. Let's define recycling.

22           COMMITTEE MEMBER BROWN: We're not discussing AB  
23 1195, and somehow this committee meeting has evolved to a  
24 discussion of 1195. And the author, staff person, isn't  
25 here yet -- anymore.

1           So I want to go more towards the conditions of the  
2   program here in California, how we can incentivize a  
3   program here in California to do what the original used  
4   oil program was intended to do, which was incentivize  
5   recycling of used oil.

6           MR. VERMULEN:   And we're all on the same page.  
7   And that's why we say, let's come up with new regulations  
8   with a definition of recycling that really means  
9   something.   Producing --

10          COMMITTEE MEMBER BROWN:   That's my other question.  
11   I understand that API has a definition.

12          MR. VERMULEN:   And we would support that.   As a  
13   matter of fact I think -- and again, off the top of my  
14   head, I think that that's what we were proposing in our --  
15   and I would support that.

16          COMMITTEE MEMBER BROWN:   Okay.   Okay.

17          MR. VERMULEN:   We don't have a problem with that.

18          COMMITTEE MEMBER BROWN:   All right.

19          DR. LOVE:   I would just like to point out two  
20   things.   One is, he was saying that the haulers are  
21   bringing it out of state because they are paying them more  
22   money.   The financial incentive is for them to go out of  
23   state, which says, if you want the oil -- if you want to  
24   have control of where the oil is going, you have got to  
25   provide incentive to the hauler.   And so as much criticism

1 as there was to the recommendation of it not going to  
2 work, from the hauler's perspective, they are the ones  
3 deciding where to drive the trucks and they are the ones  
4 that are saying that they are going towards who's paying  
5 them the most.

6 MR. VERMULEN: Bottom line.

7 DR. LOVE: And the other point is, although  
8 current API definition of recycled oil defines a specific  
9 process, one of the things that, I guess, we were a little  
10 wary of is also tieing any regulation into something  
11 that's a process, because it might be harder to actually  
12 then change the regulation if API decides to change their  
13 standard based on additional technologies being developed,  
14 that locking yourself into a technology limits the ability  
15 for innovation and the ability for industry to come up  
16 with solutions that may be more efficient down the road.

17 MR. VERMULEN: I have no argument with that. That  
18 makes a lot of sense.

19 COMMITTEE MEMBER BROWN: Howard?

20 I'm out of questions, Phil.

21 MR. VERMULEN: Thank you so much for your time.

22 I -- again, this is --

23 COMMITTEE MEMBER BROWN: For this forum, I am out  
24 of questions.

25 MR. VERMULEN: Remember, market share, market

1 share, market share, is what this is all about. And let's  
2 maximize that.

3 COMMITTEE MEMBER BROWN: Unfortunately, I know  
4 more that I should know or than you think I know.

5 Why are you laughing, Gary?

6 CHAIRPERSON PETERSEN: No, this is great.

7 COMMITTEE MEMBER BROWN: Thank you very much.

8 I appreciate your patience.

9 I think we do want to -- as we mentioned before,  
10 there is legislation pending. We do want to be able to  
11 provide technical assistance to the legislature as it  
12 relates to the used oil program and certified collection  
13 centers, and what is the market condition and where the  
14 incentive needs to be.

15 So I think with that direction, is that direction  
16 enough for staff to go back and include a wide spectrum to  
17 the stakeholders, see if we can determine some useful  
18 information that we could provide to the report?

19 PROGRAM DIRECTOR LEVENSON: That sounds good,  
20 Madam Chair.

21 We'll also work with DTSC and Lawrence Livermore  
22 in terms of reconciling some of the numbers. And we'll  
23 work with contractor and stakeholders to get more -- the  
24 stakeholder perspective into the analysis. And we're not  
25 going to ask the contractor to change their opinions of

1 the contractor report, but certainly to include different  
2 perspectives to the extent that is necessary, I think is a  
3 good idea.

4 COMMITTEE MEMBER BROWN: Okay. Thank you.

5 DR. LOVE: The other thing is, the speakers, we  
6 have interacted with all of the stakeholders -- Evergreen,  
7 DK, the folks over here saying that they hadn't been  
8 interacted with, that's probably -- they are probably  
9 unhappy with the level of interaction that we've had with  
10 them. That does not mean that we didn't spend, you know,  
11 tens of hours or hundreds of hours interacting with  
12 stakeholders from those organizations as well as many  
13 others.

14 COMMITTEE MEMBER BROWN: Thank you. Appreciate  
15 that.

16 Okay. Thank you all very much for being here.  
17 Thank you, Howard.

18 You're up again. I think it's Item No. 12, RMDZ  
19 Loan Program. Discussion and update.

20 PROGRAM DIRECTOR LEVENSON: We have our last item  
21 of the day is RMDZ Program Evaluation Project. And I know  
22 there's been a few folks in the audience who have been  
23 very patient, sitting through, waiting for this.

24 BRANCH MANAGER MAU: Corky Mau is going to give  
25 this presentation. And Corky, I will just ask you to keep

1 it abbreviated.

2 (Thereupon an overhead presentation was  
3 presented as follows.)

4 BRANCH MANAGER MAU: Good afternoon, Board  
5 members, here in Sacramento and Southern California.

6 CHAIRPERSON PETERSEN: Hello, Corky.

7 BRANCH MANAGER MAU: With your indulgence and  
8 consideration of time, I would like to give you an  
9 abbreviated version of my presentation that I was going to  
10 give you today, because I do have some zone administrators  
11 who would like to address the Board.

12 Basically what we were here to come to you today  
13 was to --

14 COMMITTEE MEMBER BROWN: Can I interrupt you for  
15 one second, to mention that Member Chesbro did join us  
16 right after our last speaker, on Item 13, had joined us.  
17 So prior to Phil speaking, Member Chesbro joined us.

18 Go for it.

19 BRANCH MANAGER MAU: Okay. So to piggyback on  
20 Senator Chesbro's sports analogy, we're in the  
21 fourth quarter, it's the last two minutes here.

22 So basically I think you have -- you are aware  
23 that we have embarked on a project to evaluate and revisit  
24 how well is the RMDZ program working. There are many  
25 aspects of the program that are working well. Perhaps

1    there are others that could be revamped.  We're going to  
2    be embarking on some further dialogue with some of our  
3    stakeholders, primarily our zone administrators, some  
4    businesses, and some consultants who have worked with our  
5    program in the past.

6           We did one survey this year.  We have done two  
7    others in the past.  The survey that we did recently came  
8    up with some ideas that were raised in the past as well as  
9    we allowed an opportunity for zone administrators to bring  
10   up new ones.  The project team that we have here at the  
11   Board is comprised of staff and from different branches  
12   and divisions within the Sustainability Program.  So it's  
13   a good all-around group to evaluate the tool that we have  
14   and to engage in dialogue with the stakeholders.

15           We took all topics that came from the survey, and  
16   we have allocated time to discuss several of them.  We  
17   have three workshops coming up, the first one at the end  
18   of this month down in Riverside.  We've got five or six  
19   topics that we're going to be discussing, primarily the  
20   ones that deal with the general program and services that  
21   we give and offer to businesses and zone administrators.

22           In the spring, we plan to have two other  
23   workshops.  Actually, it's the same topic, the project  
24   eligibility and the loan eligibility criteria.  What we  
25   want to do is to have one in the north and one in the

1 south. That will make it easier for our stakeholders to  
2 attend. So it would be this one topic, two different  
3 locations.

4 So with that, we're on target. We hope to  
5 complete this project late summer. We plan to come back  
6 after these workshops, come back in the summer with  
7 another agenda item. We're anticipating to come back to  
8 you with recommendations on where we can go with this  
9 program to make it more responsive to local jurisdictions  
10 to meet their needs and the needs of our stakeholders. So  
11 that concludes my presentation.

12 And I know we have a couple of zone administrators  
13 here to address you, and if you have any questions, I  
14 would be happy to answer them.

15 Thank you.

16 COMMITTEE MEMBER BROWN: You went a little bit too  
17 quickly. I wasn't ready for you to say, "That concludes  
18 my presentation" so quickly.

19 But I'm going to turn to Member Chesbro.

20 COMMITTEE MEMBER CHESBRO: Well, this is to detail  
21 the questions -- the answers right now may be for future  
22 presentations, future discussions, sort of a -- in some of  
23 the comments on the chart that you have --

24 BRANCH MANAGER MAU: Yes.

25 COMMITTEE MEMBER CHESBRO: You indicate sort of

1    what the balance was and the differences were in terms of  
2    which groups tended to vote for which one. But not all of  
3    them do that. And I think that's a really important  
4    consideration to try to figure out who was saying what.  
5    Was it the majority of our staff saying one thing? Was it  
6    the majority of zone administrators or majority of the  
7    loan recipients?

8                So that would give you context to try to figure  
9    out the different points of view. I know it's a  
10   complicated matrix there.

11               BRANCH MANAGER MAU: No problem. We can provide  
12   that information to you.

13               COMMITTEE MEMBER CHESBRO: Thanks.

14               COMMITTEE MEMBER BROWN: Thank you, Corky.

15               We do have two speakers. I don't see one, so I'm  
16   going to assume that Steve Lautze is going to be -- Lautze  
17   is going to be first.

18               MR. LAUTZE: Good afternoon, everyone. I know you  
19   are kind of close to the edge or possibly going over the  
20   edge on this meeting.

21               COMMITTEE MEMBER BROWN: We're fine.

22               MR. LAUTZE: But I will try to be brief and  
23   brilliant. That's always my goal.

24               I am Steve Lautze. I'm the Oakland-Berkeley  
25   Recycling Market Development Zone administrator, and I'm

1 also the president of the California Association of RMDZs.

2 Dwayne O'Donnell from the Sacramento zone,  
3 Sacramento County zone, is back there as well. He won't  
4 be addressing you today.

5 You may recall that I addressed the full Board in  
6 mid November, at that time expressing concern. You were  
7 hearing strategic initiative No. 6, market development,  
8 expressing concern about the reevaluation of the RMDZ  
9 program that was just getting going at that point. I  
10 appreciated Chairperson's Reed's and other Board members'  
11 assurance that there was no intent to threaten the program  
12 but only to strengthen it, if possible.

13 Since then, and as indicated by today's staff  
14 report, I've been further assured by the deliberate and  
15 democratic process of the reevaluation, as exemplified by  
16 Corky talking about the workshops that are coming up. And  
17 I know Board Member Mulé will be joining us in Riverside.  
18 And you're all welcome next week, if you want to talk  
19 about these issues.

20 I, of course, am representing the local government  
21 perspective from the zone administrators and have a few  
22 remarks today.

23 So, yeah, having said all that, I have a few  
24 things to point out about the staff report, and in tandem  
25 with what Board Member Chesbro said about the amalgamated

1 numbers on your attachment No. 1. Let's see. Attachment  
2 1, it does summarize the results from all of the  
3 stakeholders on Attachment 1. And percentages there are  
4 aggregated numbers. So they don't break out the ZAs, the  
5 Board staff, the loan staff, and the loan committee.

6 So in fact, although 21 out of 33 administrators  
7 responded, and that was the biggest response of my one  
8 group, overall, on that chart Attachment No. 1, we are 21  
9 out of 45 respondents and are therefore in the minority of  
10 all the numbers represented there. So that's verified  
11 information at this point in the meeting. But it's  
12 important.

13 The comments section, on the other hand, does  
14 discuss the zone administrators' perspective almost  
15 exclusively, and mostly accurately. The one important  
16 exception is issue No. 6, which suggests that a majority  
17 of the zone administrators embrace the idea of regional  
18 trainings versus the training set up now. I think the  
19 closer look at the breakout shows that a majority of the  
20 zone administrators were not in favor of that. It's not a  
21 monumental thing. But it's an example of how breaking out  
22 the numbers is important if you want to see the various  
23 perspectives.

24 Teasing the numbers a little more, we see that  
25 business -- businesses, RMDZ businesses, or loan

1 recipients are represented. And in the body of the  
2 report, it shows that 10 out of 32 businesses responded  
3 and replied to the survey. The report also mentions  
4 there's been over 150 loans.

5           So one-third of those who were contacted among the  
6 businesses responded to the survey, but it's effectively  
7 10 out of almost 150 businesses that have been served by  
8 the program since its inception. So just consider that  
9 in -- I don't consider that necessarily a representative  
10 sample of all the businesses in the program. So I wanted  
11 to highlight that at this point. And of course, we're  
12 going to be discussing these issues as going forward and  
13 refining all of that.

14           The interesting, further, point on that is, in the  
15 breakout, perhaps the most controversial issue is whether  
16 or not to make loans outside of the zones. Only  
17 28 percent of the loan administrators responding said they  
18 were okay with that, whereas the aggregated numbers  
19 suggest something close to half or even a majority is okay  
20 with that.

21           When you dig into the numbers of who responded and  
22 how on that issue, you find that nearly 80 percent of  
23 Waste Board staff thought it was okay to loan out of zone,  
24 that seven of these ten businesses who got loans because  
25 they were in a zone also said they thought it would be

1    okay to loan out of zone, and that the entire loan  
2    committee thought a hundred percent thought it was okay to  
3    loan out of zone.

4            So the point is, that's a touchy issue for us as  
5    zone administrators and don't want you to just read the  
6    aggregated numbers. I'm a little curious as to why  
7    businesses that got loans, because they were in zones,  
8    would favor being out of zones. It may be that they were  
9    statewide businesses. I need to get more information on  
10   who those folks were. And we need to figure out what  
11   businesses want, particularly the businesses that are in  
12   zones, on that very important issue. We will be  
13   discussing that issue at greater length in Riverside and  
14   bringing that back to you, as Corky said.

15           Finally, I want to close today with a thought  
16   about staffing and resources for the future of the  
17   program. I want to compliment Corky, John Smith, and  
18   Barbara Van Gee for being the core group that takes you  
19   through this evaluation and works with us through that  
20   evaluation and gives us comfort, because we know they know  
21   the program. They know us. Hopefully, we all get to a  
22   better result.

23           We're also thrilled to have Jim La Tanner coming  
24   back as the loan administrator -- or excuse me, the leader  
25   of the loan program. But suggests in some of the

1 discussions you heard earlier today, about greenhouse gas  
2 reduction implementation of AB 32, that market development  
3 in California may become more important, especially on  
4 organics and construction and demolition, which we can't  
5 put on a ship and send off to Asia.

6           So I think the ZAs have questions of whether the  
7 reorg -- and whether under the reorg -- and whether under  
8 the new structure that market development is going to get  
9 sufficient attention. And so that's another question  
10 we'll be raising. Because as we understand it, Corky and  
11 Barbara and John are kind of in overtime, working through  
12 this evaluation. And we're not really sure what's on the  
13 other side as far as senior staff doing things like  
14 developing the grant program that's proposed or taking,  
15 you know, the major issues for the program, forward.

16           So I think I'll stop there. I wasn't that brief.  
17 And of course this is all to be continued and not resolved  
18 today.

19           So thank you.

20           COMMITTEE MEMBER BROWN: You're right, Steve.  
21 This is a discussion item. So it will be continued.  
22 The -- all I can tell you is that the Board has made a  
23 strategic directive specifically focused on market  
24 development because we intend to focus our efforts on  
25 developing marketing in California.

1           As far as staffing level, that is the executive  
2   director's purview to focus staff and staff resources  
3   where the Board has set policy priorities. And we have  
4   done that in SD6 and specifically talked about RMDZs and  
5   those being a priority. And I agree with you, we do have  
6   an excellent staff heading up a RMDZ program.

7           So this is a continued discussion that we will  
8   continue to have on how to improve the program.

9           But I don't see us letting up by will, other than  
10   by ARB stealing up all our staff, or Climate. And we'll  
11   just continue to call the halls and find new staff and new  
12   wonderful resources to backfill and to continue.

13          So anyway, thank you very much for your patience  
14   and wading through all this.

15          MR. LAUTZE: It's okay. You get to do it every  
16   month.

17          COMMITTEE MEMBER CHESBRO: One thing that occurred  
18   to me, and looking at this and listening to Steve is that  
19   the -- either of our choices in all cases may not turn out  
20   to be -- it may be that both sides that have a yes or no  
21   answer have some merit, and that in some cases a hybrid or  
22   a balancing act -- and I will give you a hypothetical  
23   example -- I am not proposing this. It's just something  
24   that just occurred to me -- on the question of whether or  
25   not loans should just be made inside zones or opened up to

1 the entire state. Clearly, the staff and some of the  
2 folks -- and some of the folks from the loan community and  
3 others who are for it are saying, what if there's a good  
4 reason for a business to want to locate in a particular  
5 place because of a particular waste stream or some other  
6 reason?

7 Well, it's possible, again, hypothetically, that  
8 you could have a by-exception process in which a  
9 determination could be made that if there's some reasons  
10 to give a loan on the outside, but you just don't throw it  
11 wide open. So you still recognize the value of having  
12 zones, because that's the place that the local  
13 jurisdictions made a commitment and is partnering with us,  
14 and that should be our primary focus. But the prohibition  
15 maybe shouldn't be absolute. There might be circumstances  
16 that we could think through, when it would make sense to  
17 by exception go out and make a loan somewhere else.

18 So that's just an example of where you might want  
19 to be -- not be simply limiting ourselves to the dichotomy  
20 of all the alternatives as they have been presented, but  
21 rather listen to the content of the arguments of both --  
22 of the various people and the responders on the different  
23 sides. So just a thought.

24 COMMITTEE MEMBER BROWN: Like an AB 32 component  
25 or something or a targeted waste stream.

1 Welcome.

2 MR. O'DONNELL: I thought I'd say hi.

3 COMMITTEE MEMBER BROWN: I'm glad you did.

4 MR. O'DONNELL: I'm Dwayne O'Donnell. I'm with the  
5 Sacramento County Account Development Department, the  
6 Business and Resource Center. And I'm the ZA for  
7 Sacramento County. That's one of the many programs we  
8 work on to entice businesses to move to the county. We  
9 also do the Sacramento Business Recognition Program, and a  
10 lot of compliance assistance for businesses that are  
11 sideways of regulatory agencies.

12 I think it's good to evaluate programs. And I  
13 look at this as an opportunity to make the RMDZ program  
14 better and a more usable tool for me. I think I spent the  
15 last three or four years trying to reeducate county  
16 planning to be more open to siting recycling businesses as  
17 green opportunities.

18 So thanks for a few minutes. Hope to see you next  
19 week.

20 COMMITTEE MEMBER BROWN: I hope to see you --  
21 well, are you going -- you will see Rosalie next week. In  
22 Riverside, you mean?

23 MR. O'DONNELL: Riverside.

24 COMMITTEE MEMBER BROWN: I can't be there. I have  
25 a prior commitment. But I will come to the next one.

1           BRANCH MANAGER MAU: And I also neglected to tell  
2   you that Larry Sweetser was here earlier and we've had  
3   several talks.

4           And, yes, I wanted to make sure -- he let me --  
5   made me aware of a letter that we received from Nevada  
6   County. They wanted -- he wanted us to know how much they  
7   are still very interested, as well as there are several  
8   other rural counties that we have talked to in the last  
9   two or three years, that are very interested in becoming  
10  part of the RMDZ program, if and when we can allow that to  
11  happen.

12           So we're going to see -- we're going to try and  
13  have this dialogue, reach a consensus on many items in the  
14  upcoming workshops that we have and see if we can get  
15  creative, collectively, as a group, so that we can, you  
16  know, try to find the best possible ways and viable  
17  options to make this program more robust and more  
18  responsive to meet both the needs of our strategic  
19  directives and the needs of our stakeholders.

20           COMMITTEE MEMBER BROWN: Thank you, Corky.

21           COMMITTEE MEMBER CHESBRO: The one other thing I  
22  would say, I want to compliment staff. Because when I  
23  first began to focus on this, it was pretty obvious that  
24  there was a certain amount of trepidation. And there  
25  probably is still some amongst the zone administrators.

1 But I think a lot of progress has been made in terms of  
2 confidence that this isn't some sort of a predetermined  
3 outcome and that it's really a process that they are very  
4 much a part of, and that they are being listened to. So  
5 staff has done I think a good job of calming their fears.

6 COMMITTEE MEMBER BROWN: Thank you.

7 Any other comments? Questions?

8 Well, that does it. That concludes today's  
9 meeting. Thank you all very much.

10 Gary, we missed you.

11 CHAIRPERSON PETERSEN: Me too.

12 (The California Integrated Waste Management  
13 Board, Market Development and Sustainability  
14 Committee meeting, adjourned at 2:34 p.m.)

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CERTIFICATE OF REPORTER

I, KATHRYN S. SWANK, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Integrated Waste Management Board, Market Development and Sustainability Committee meeting, was reported in shorthand by me, Kathryn S. Swank, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of February, 2008.

KATHRYN S. SWANK, CSR  
Certified Shorthand Reporter  
License No. 13061